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Weekend FT

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Northern
Ireland: through
a glass darkly
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Queen Charlotte
Islands
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Laughter in
the rain at
the Open
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GM, VW and Lopez
Oh what a circus,
what a show!
Page 8

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JULY 17/JULY 18 1993

D8523A

EC joins forces to defend Denmark's embattled krone

Denmark's European Community partners joined forces to defend the embattled krone with concerted intervention, as Danish authorities again raised interest rates to keep the currency within its European exchange rate mechanism limits. But after intervention estimated at between DM3bn (\$1.7bn) and DM4bn the krone closed the week near its lower intervention points in the ERM. Page 24; Currencies, Page 13

Apple's shares plunge: Apple Computer's share price plunged 7% to \$284, its lowest point since October 1990, after the US company reported its worst quarterly losses. Page 12

PSBR rises sharply: UK government borrowing in the first three months of the financial year rose by nearly a quarter on the corresponding period of 1992-93 to £13.2bn (\$19.8bn), the Treasury said. Page 24

War over bridge averted: Croatia and rebel Serbs agreed to avert a new war over a bridge which Croatian authorities plan to open tomorrow by placing it under United Nations protection. Leaders to meet in peace talks. Page 2

BBC staff attack red tape: BBC employees think the corporation still suffers from a high level of bureaucracy and red tape, and are critical of its management at all levels, an internal survey shows. Page 7

Japan's LDP may lose majority: Tomorrow's Japanese general election is expected to leave the ruling Liberal Democratic party without a majority and struggling to find a coalition partner. Page 24; What the voters think, Page 4

Banks warned on charges: Nearly 40 per cent of customers would close their accounts if banks or building societies introduced charges on current accounts with low balances, a survey shows. Page 7

Ukraine dismantles missiles: Ukraine, which has been under fierce pressure for failing to ratify two international disarmament treaties, began to dismantle some of the strategic nuclear missiles on its territory. Page 2

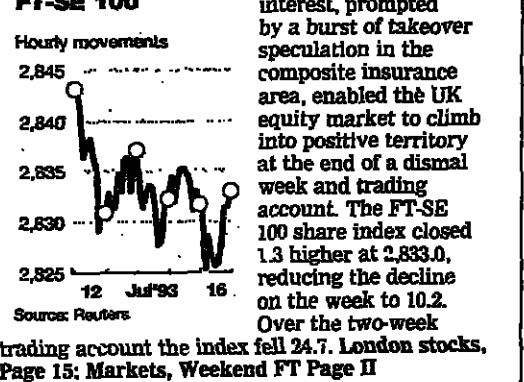
Explosives charges: Robert Fryers, who was arrested at a bus stop in north London on Wednesday, appeared in court charged with possessing explosives and conspiring to cause an explosion. He was remanded in custody until August 12.

Nigeria election date fixed: Nigeria will hold a new presidential election on August 14, the National Electoral Commission said.

Hong Kong panel meets: A panel, set up by China's Communist party to discuss Hong Kong's reversion to Chinese sovereignty in 1997, met for the first time. Page 4

Costain, heavily indebted UK construction company, sold its loss-making UK housebuilding operations for £23m (\$34.5m) to housebuilder and construction company Redrow. Page 10

Late buying lifts Footsie close



trading account the index fell 24.7. London stocks, Page 15; Markets, Weekend FT Page II

Protection for oil sites: The UK government is to publish environmental conditions attached to oil exploration licences following the opening up of some sensitive areas. Page 7

Yorkshire Food Group, Bradford-based food processor floated in March, announced a £17.5m (\$26.7m) joint venture with US food company Del Monte Corporation to buy the US group's Californian-based business, Del Monte Dried Fruit. Page 10

Man dies in acid blast: A man was killed and two others were hurt in an explosion involving acid tanks at a fertiliser plant at Farley, Shropshire.

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,835.0 (-1.3)	New York lunchtime	5,658.50
DAX	4,125.0 (-0.5)	London	1,479.0 (1.488)
FT-SE 100	1,224.37 (-4.57)	DM	2.55 (2.565)
FT-AE Share	1,405.72 (-0.07)	FF	8.176 (8.167)
Nikkei	20,251.53 (-173.51)	SFR	2,242.5 (2.257)
New York lunchtime		Y	160 (161)
Dow Jones Ind Ave	3,548.59 (-10.34)	£ Index	88.8 (81.3)
S&P Composite	447.61 (-1.61)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	2 1/2%	New York lunchtime	1.721
3-mo Treas Bill	3.065%	DM	5.885 (5.925)
Long Bond	107 1/2	FF	1.5155 (1.5169)
Yield	8.525%	SFR	108.15 (108.2)
LONDON MONEY		Y	107.5
3-mo Interbank	8%	London	1,724.5 (same)
Life long gift future	Sept 100 1/2 (Sep 100)	DM	5.885 (5.925)
NORTH SEA OIL (August)		FF	1.5155 (1.5169)
Brut 15-day Sep	\$16.65 (same)	SFR	108.15 (108.2)
Gold		Y	107.5
New York Comex Sep	\$383.5 (same)	London	1,724.5 (same)
London	\$383.5 (384.0)	DM	5.885 (5.925)

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Attali quits after damning report

By Robert Peston, Banking Editor

MR JACQUES ATTALI yesterday resigned as president of the European Bank for Reconstruction and Development, two months earlier than expected and only hours after the completion of an official report highly critical of his extravagant expenditure and management style.

In an emotive resignation letter, which was presented to an EBRD board meeting yesterday morning, Mr Attali said he would "waive the termination allowance (of more than £147,000 tax-free) to which I am entitled under my employment contract".

He said that the interests of the bank "are now best served if I

EBRD president will 'waive termination allowance'

leave my position as president immediately". The board was also shown the draft reply from Mrs Anne Wible, Swedish finance minister and chairman of the bank's governors. In it, she offered to waive any claims the bank might have on him arising from its audit committee's inquiry into his conduct and the bank's expenditure.

The terms of both letters need approval by the bank's governors, most of whom are finance ministers, before the resignation takes formal effect.

The audit committee has been working on its report since May

10, after the Financial Times disclosed that the bank had spent £200m on fitting out its new headquarters and other expenses, more than twice the amount it had lent or invested in eastern Europe and the countries of the former Soviet Union, whose economies it was set up to help.

The report is littered with what Mrs Wible described yesterday as "serious" criticisms of Mr Attali. It highlights the £1.4m spent by the bank on flights in private jets on 57 occasions. Of these flights, 48 were arranged with a French-based company, Air Entreprise, and most were

authorised by Mr Attali's office. The audit committee said: "The Bank's frequent use of chartered aircraft for travel to destinations well served by scheduled airlines is inappropriate given its status as a publicly funded development institution."

It continues: "The selection of Air Entreprise as provider of most of the charter flights taken before January 1993 did not result from a competitive tendering process and was in nearly every case more expensive than other charter airlines. This represents a regrettable deviation from acceptable practice

for a public sector institution." Mr Attali reimbursed the bank with a cheque for £41,377 relating to seven flights in private jets taken in early 1992. His staff explained to the committee that Mr Attali signed the cheque on or about February 10 1993, but it was mislaid. The report said: "The cheque was paid into the EBRD bank account on May 4 1993, ie, after the start of the present inquiry."

Despite several requests, it continued, the committee had not been provided with "adequate" evidence to establish whether these flights were wholly for pri-

vate purposes and whether the £41,377 cheque was genuinely mislaid or whether it was drawn at a later date than February 10. The report also attacked Mr Attali for taking possession of three different company cars within a 10-week period beginning in March 1991. "The large number of cars used by the president in rapid succession creates an impression of extravagance which is inappropriate for the head of a development institution", it said.

Mr Attali was also criticised for having charged "significant amounts of expenditure of a private nature, or for which no sup-

Continued on Page 24
Weighty dossier, Page 2

VW shares fall as conflict with GM intensifies

By Christopher Parkes, In Frankfurt

VOLKSWAGEN shares fell on the Frankfurt stock exchange yesterday as the industrial espionage battle between VW and General Motors of the US intensified and traders reacted to court evidence related to the confrontation.

The tussle between the biggest volume carmakers in Europe and the US took a new turn as GM confirmed that the US Justice Department was conducting an investigation into the possible theft of GM documents by former employees.

No further details were given, although the probe is understood to involve the group led by Mr José Ignacio López de Arriortua, who was the head of global purchasing at GM before joining VW as production director in March.

Meanwhile, it is understood that Mr Louis Hughes, president of GM Europe, was offered the chairmanship of VW on two occasions last spring.

In a statement this week, Mr Hughes referred to one approach and said he made it clear he was not interested.

His statement came in response to earlier jibes from Mr Ferdinand Piëch, the current head of the German group. Mr Piëch suggested in a newspaper interview that GM's accusations against VW were inspired by pique over Mr Hughes's not getting the VW job.

Despite upbeat forecasts from Mr Werner Schmidt, Volkswagen finance director, the group's shares shed DM5.20 (€2) yesterday in a rising market, closing at DM380.50.

According to Mr Schmidt, even if the car market does not improve, the company expects to return to profit in 1994.

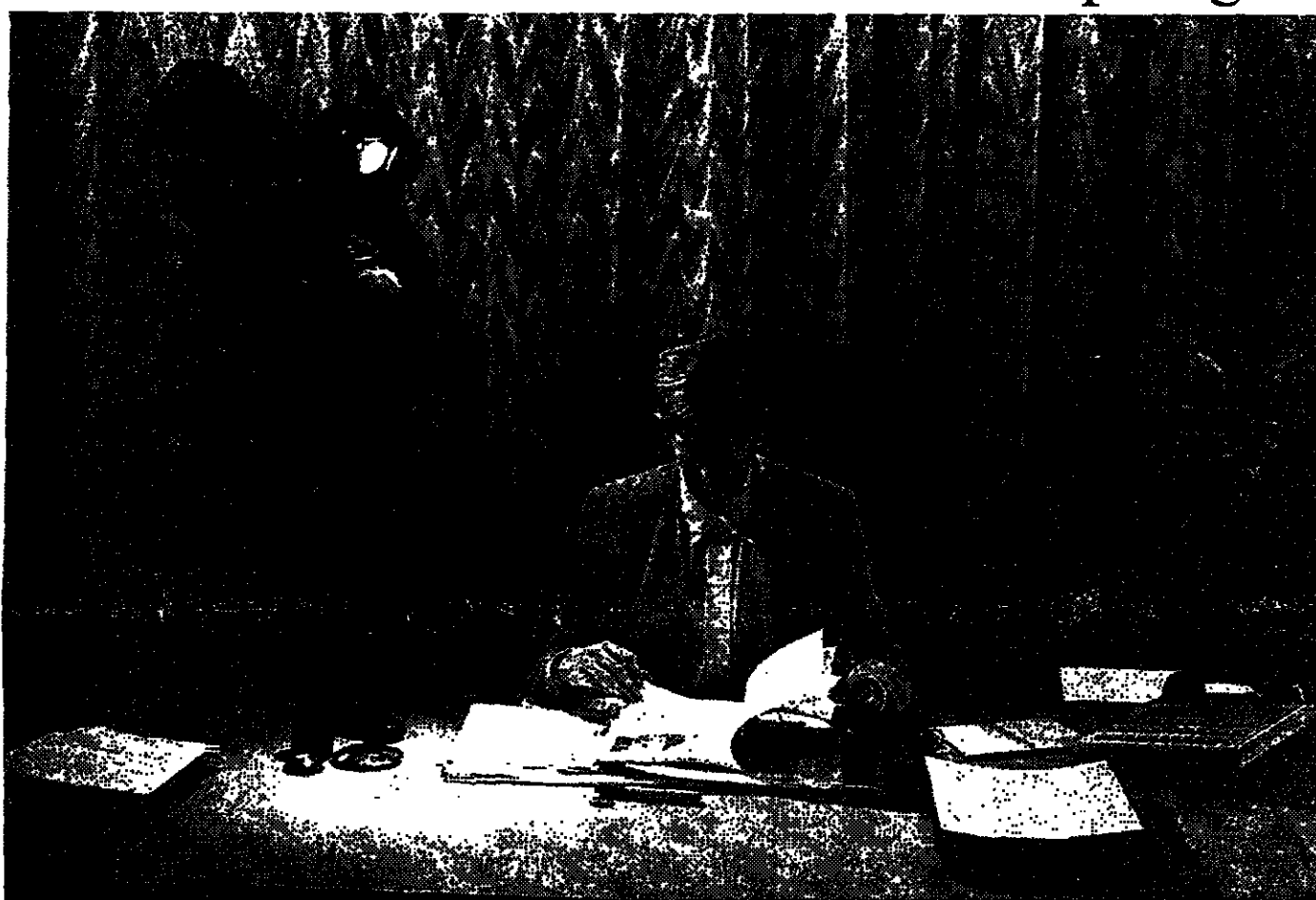
Traders said the VW price had been affected by evidence heard in a civil case in Hamburg on Thursday in which the news magazine Der Spiegel attempted to have lifted a gagging order preventing it printing further articles containing allegations about Mr Lopez and the GM colleagues who followed him to VW.

Witnesses, all GM employees, gave evidence which contradicted some of Mr Lopez's formal statements and denials on the GM affair which Der Spiegel had earlier been obliged to publish by the Hamburg court which issued the gagging order.

It also emerged that Mr Hughes, head of Opel until last summer, was approached last spring by Mr Carl Hahn, then VW chairman, who handed over to Mr Piëch when he retired in December.

Tricky seats at the top, Page 8
Volkswagen 'will return to profit in 1994', Page 12

MI5 chief moves out of shadows into spotlight



MRS STELLA Rimington, director-general of Britain's internal security service, posed under conditions of appropriate secrecy for her first official photographs yesterday.

Press photographers, summoned to the Home Office for an undisclosed assignment,

were taken by minibuses to the service's headquarters. The curtains of Mrs Rimington's office were drawn to avoid identifying the room's location within the building.

The photograph is a step forward for open government: Mrs Rimington is the first

director-general of the Security Service - still widely known by its 1916 title MI5 - to have been officially identified while in office. The government also published yesterday a booklet on MI5 on staffing and fields of operation.

Intrigue under wraps at MI5, Page 7

Continued on Page 24
Independent Euro poll, Page 6

Chancellor warns Tory sceptics on cliffhanger treaty vote

By Philip Stephens and Alison Smith

THE CABINET yesterday raised the temperature in its battle with Conservative Euro-sceptics over the Maastricht treaty, with Mr Kenneth Clarke, the chancellor of the exchequer, delivering a sharp rebuke to anyone threatening to vote with the opposition in next week's crucial House of Commons vote on the social chapter.

As Lord Rees-Mogg announced he would seek to open another front against ratification of the treaty by seeking a judicial review in the High Court, Mr John Major, the prime minister, again expressed confidence that the government would win the vote on Thursday. He insisted that any question of his resignation was "merely hypothetical".

An attempt to point the way beyond Maastricht wrangling came from Mr Douglas Hurd, the foreign secretary, who set out the positive vision through which the Conservatives could win back people's confidence once the treaty had been ratified.

He said that some of the party's problems had been caused by

McDonough to take over as NY Fed president

By Richard Waters in New York

MR William McDonough was appointed yesterday as president of the Federal Reserve Bank of New York, one of the key jobs in central banking.

Mr McDonough, 59, whose appointment takes effect on Monday, will take over from Mr Gerald Corrigan, president of the New York Fed since 1985.

As president of the most important of the US's 12 reserve banks, he will play a central role in protecting the health of the US financial system.

The choice of Mr McDonough, who had effectively been Mr Corrigan's number two at the bank, had been widely expected. Mr McDonough was a vice-chairman of First Chicago, one of the biggest US commercial banks, until he retired six years ago. Over a 22-year career, he had built up a reputation as a pragmatic, careful banker with a good command of detail.

As head of the Fed's financial markets group for the past 18 months, Mr McDonough has held the most influential position in determining the day-to-day prog-

ress of monetary conditions in the US.

He has also been responsible for the handling of the Fed's foreign exchange policy at a time when the dollar has risen sharply against other currencies.

Although Mr McDonough's appointment is likely to bring a change of style to the leadership of the Fed after the forceful Mr Corrigan, it was not expected yesterday to make a significant difference to the conduct of monetary policy in the US.

The Fed president is only one of 12 people who sit on the policy-setting Federal Open Market Committee. The FOMC will next meet on August 17 when Mr McDonough will cast his first vote on monetary policy matters.

Mr McDonough's succession gives no clues as to when the Fed may next begin to tighten interest rate policy, said Mr Stephen Siller, chief economist at Lehman Brothers.

A father of six, Mr McDonough's close connections with his home town of Chicago include numerous directorships of local bodies, including the Chicago Historical Society.

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NEWS: INTERNATIONAL

Monetary Institute is main prize in the elaborate division of Euro-spoils

Bonn denies European bank site picked

By Quentin Peel in Bonn and Lionel Barber in Brussels

THE German government yesterday firmly denied a report that European Community leaders have reached a secret agreement to base the new European Monetary Institute, the core of the future European central bank, in Frankfurt.

"This report is too good to be true," said a German government spokesman. "There has been no such agreement yet. We do not yet have the agreement of all our partners."

German officials made it clear they believe that Britain remains the only EC member state opposed to Frankfurt, but they also recognise the political difficulty for Mr John Major, the British prime minister, should the bank be sited there.

There was considerable embarrassment in Bonn yesterday over the report, confidently published by Handelsblatt, Germany's business newspaper, that Frankfurt had won the battle for the EMI. They fear that, by reviving the question just as the British parliamentary debate on Maastricht is coming to its climax, British capitulation will be less likely.

The decision of EC heads of government on the location of the monetary institute, which is supposed to be in operation by next January 1, merely requires a country to be chosen. It will then be up to the government of that country to choose the precise site - taking into account the views of all member states.

Britain has strongly resisted Germany's equally firm determination to promote Frankfurt, on the grounds

that it could undermine the city of London's position as Europe's main financial centre. The Bonn government believes that only by siting the bank in Frankfurt, home of the German Bundesbank, will sceptics - especially Germans - be reassured that the new institution will be as independent and stability-conscious as the German central bank.

In any case, it is clear that negotiations have reached an end-game.

The negotiations are part of an elaborate division of the Euro-spoils which involves more than a dozen new agencies and institutions. Each brings the promise of jobs, prestige and a hole in taxpayers' wallets.

The European central bank is the most valuable prize. Other agencies include Europol, a mini-European FBI which would replace Interpol, a Euro-

pean environmental office, a European trade-mark office, a European drugs agency and a European Plant and Vegetable Office.

After the recent upheaval in the exchange rate mechanism, and amid popular doubts in Germany about giving up the D-Mark, the Bonn government's claims have grown stronger.

Uncertainty over Maastricht ratification has damaged market confidence in European monetary union. The Belgian presidency of the EC is therefore pressing for a deal on the EMI, possibly at a special summit in the autumn. This would allow stage two of EMU to start on schedule on January 1 1994.

Another factor appears to be the race to succeed Mr Jacques Attali as president of the European Bank for Reconstruction and Development.

Under an earlier deal, France won the EBRD presidency and the UK won agreement to put the bank in London. The question now is whether Mr Attali's high-rolling habits have made it impossible for a Frenchman to keep the post.

Mr Henning Christopherson, EC commissioner for economics and a strong candidate for the EBRD job, has let it be known there should be "no more Sun Kings".

If the Danish-born Mr Christopherson wins the EBRD job, what will become of Mr Jacques de Larosière, governor of the Bank of France and a rumoured front-runner for the post?

The French are not saying; but some believe the de Larosière candidacy is actually an elaborate bluff to increase leverage in negotiations on who should be the president of the EMI.

Aid officials warn of Bosnia 'catastrophe'

By Frances Williams in Geneva

INTERNATIONAL aid officials warned yesterday of "impending catastrophe" in Bosnia-Herzegovina this winter and of a new wave of refugees seeking asylum in western Europe.

Mrs Sadako Ogata, United Nations High Commissioner for Refugees, told a meeting of donor countries in Geneva that intensified fighting and deliberate obstruction by all three warring parties were making the agency's relief work impossible in many areas. Less than half the targeted tonnage was getting through.

"If we are unable to alleviate the plight of thousands of victims now, I fear the worst for the months to come, particularly when the autumn and winter set in," she said, warning of "impending catastrophe if we have to go through another winter of war".

UNHCR officials point out that last year the death of up to 400,000 people was averted by a massive international aid effort and an unexpectedly mild winter. This year many more are without food reserves, fuel or shelter, often in areas made inaccessible by the upsurge in fighting.

It was announced yesterday that the international mediators for ex-Yugoslavia, Lord Owen and Mr Thorvald Stoltenberg, would meet Serbian President Slobodan Milosevic and Croatian President Franjo Tudjman today in Geneva to discuss solutions to the conflict, ahead of talks next week involving all the parties.

However, Lord Owen said yesterday that even if there was a peace settlement in the next two to six weeks all possible resources would be needed to avoid "a humanitarian nightmare" which threatened hundreds of thousands in Bosnia this winter.

The UNHCR called yesterday's meeting after coming dangerously close to running out of funds, at a time when the agency must plan the purchase, stockpiling and delivery of essential winter supplies before snow and ice make roads impassable. Some 3.6m people, 3.3m of them in Bosnia, depend on UN aid for survival.

THE prospect of renewed fighting between Serbs and Croats for the recovery of Croatian territory overshadowed the start of a two-day summit meeting between central European leaders yesterday which is aimed at easing ethnic conflicts and increasing regional co-operation. Anthony Robinson writes from Budapest.

Serbia has been excluded from the Central European Initiative (CEI) summit, which provides a forum for meetings between the prime ministers and foreign ministers of Italy and eight central European countries. Today Macedonia is due to join the CEI, which was launched in 1989 as a five-nation group cutting across the divide between Nato and Warsaw Pact countries.

Donors yesterday promised \$13m (£7.5m) of fresh funds for the UN assistance programme, including \$63m for UNHCR. The EC, which has been under pressure to contribute more cash, pledged \$41m. The refugee agency still has a \$137m shortfall on its estimated \$420m cash needs for 1993, but Mrs Ogata said it now had enough to start planning for the winter.

Earlier this week the International Committee of the Red Cross and the International Federation of Red Cross and Red Crescent Societies appealed for more than \$10m to continue their work in ex-Yugoslavia.

The UNHCR has also warned of a "dramatic" increase in refugees seeking shelter in western Europe because of lack of funds for assisting displaced people within the region.

Mrs Ogata again called on European nations, most of which have now introduced visa requirements for Bosnian nationals, to uphold the right of asylum and offer temporary protection to those escaping war and persecution.

Mr Warren Zimmermann, head of refugee programmes in the US State Department, said any easing of the fighting in Bosnia could spark a "massive outpouring of people to near and distant countries throughout Europe" as those now trapped try to flee.

Weighty dossier on EBRD cost over-run

By Robert Peston, Banking Editor

JUST before midnight on Thursday the European Bank for Reconstruction and Development's audit committee delivered to the board of directors its report on the bank's excessive spending.

It beat the deadline, set when the report was commissioned on May 10, by a matter of seconds.

That was no mean feat - the report is two inches thick and had to address some very delicate issues, notably the responsibility of Mr Jacques Attali, who quit his job as EBRD president yesterday, for the bank's excesses.

On the \$66m spent by the bank on fitting out its new headquarters at No 1 Exchange Square, the report says: "Substantial cost savings could have been achieved if there had been better planning and control."

It adds: "The committee was particularly concerned that there were areas of the fit-out where value for money was not the primary consideration."

A detailed analysis carried out for the committee by consultants from Coopers & Lybrand says that the cost per square metre of the headquarters, most of which was fitted out in 1992, was £1,524, compared with £650 for a typical UK public sector building, £1,150 for a UK commercial operation and £1,260 for a UK financial institution.

However, the EBRD has a number of special facilities, such as a high-quality auditorium for press conferences and an enormous boardroom, complete with high-tech translation and video facilities.

The report also points out that fitting out costs at "other international financial institutions in North America and Europe have cost in the range of £300 per square metre to £600 per square metre".

Among the items identified by Coopers as contributing to the high fit-out cost are marble cladding and flooring for

£1.65m, a hi-tech suspended ceiling for £5.7m and a specially dyed carpet for £1.31m.

The committee says that part of the reason for the excessive costs was that "the normal chain of command was not used in this project" and that the project was handled by an ad hoc team headed by Mr Pierre Pissaloux, director of Mr Attali's cabinet.

It says Mr Attali has "rejected suggestions that he was involved". However, the Coopers report says Mr Attali gave opinions when requested on design options and had frequent meetings with one of the architects, Mr Jean-Louis Berthet, at which, according to Mr

Berthet, design matters were discussed.

Mr Berthet is a founder of Berthet et Pochy, which did much of the architectural work on No 1 Exchange Square as part of the Anglo-French joint venture, Berthet Pochy Sidell Gibson. Berthet et Pochy was first contacted to do some

work for the EBRD, on its previous headquarters, at the suggestion of Mr Attali. The audit committee notes that "the appointment of the architects did not follow the bank's rules nor was it based on good commercial practice; in fact the procurement procedure was not competitive." It continues:

Estimates for fitting out offices (£ per sq m)		
	EBRD specification	Typical high specification
Air conditioning	172	110
Ceilings	71	42
Lighting	74	20
Carpet	44	32
Doors	39.83	31.73

Source: Coopers & Lybrand report



Members of the audit committee (from left), Oleksander Savchenko, Claes de Neersaard and Donald McCutcheon

False ring for party chief's publicity

LIKE many a Hollywood star, Mr Franz Schönhuber, Germany's most prominent far-right party boss, seems to think bad publicity is better than none at all, writes Arianne Genillard in Bonn.

Mr Schönhuber, who heads the nationalist Republican party, stepped into the limelight this week when it was revealed he had been selling 5,000 illegal telephone cards bearing his picture.

Posteklamme, a subsidiary of the German state-owned telecoms group, said yesterday it was considering suing the party organisation. Legal proceedings have already been opened against Protar, the Berlin-based company which made the cards.

Meanwhile, telephone card collectors have been rushing to find the cards which show Mr Schönhuber's face against the red, black and gold colours of the Republican party. The card, issued on Mr Schönhuber's 70th birthday, gives the party's telephone number on the back.

Protar is believed to have bought the cards, worth DM12 (£4.60), from post offices before changing their design. The new cards sold for DM70.

Posteklamme was approached last year by an advertising agency and asked if it would manufacture the cards. But the telecoms company, which has printed similar cards for German mainstream parties, refused on political grounds.

Ukraine begins to dismantle missiles

By Chrystia Freeland in Moscow and Oleh Mamasiev in Kiev

UKRAINE, which has faced harsh international criticism because of its increasingly vocal pro-nuclear lobby, yesterday took a quiet step in the opposite direction when technicians began dismantling some of the strategic nuclear missiles on its territory.

Officials in Kiev yesterday confirmed a report in the Moscow daily newspaper Izvestia that they had this week begun dismantling 10 of the country's 176 inter-continental ballistic missiles.

The decision represents the first concrete step that Ukraine - which has come under fierce diplomatic pressure for failing to ratify two key international disarmament treaties - has taken to reduce its strategic nuclear arsenal since becoming independent nearly two years ago.

In contrast with its often hostile reporting on Ukraine, Izvestia welcomed the action as a signal that "although one swallow does not make a summer, it cannot be denied that the ice has been broken".

However, the Ukrainian move did not deter the Russian Foreign Ministry from issuing

a tough statement condemning Kiev's decision earlier this month to claim ownership over nuclear warheads on its territory. In keeping with that decision, Ukrainian military officials said the warheads from the disabled missiles would be, at least temporarily, stored in Ukraine.

At a press conference in Kiev Ukrainian Prime Minister Leonid Kuchma defended the ownership claim, saying it was necessary to ensure Ukraine received compensation for the valuable enriched uranium released when warheads are dismantled.

But Mr Sergei Yastrzhem-

sky, a Russian Foreign Ministry spokesman, warned Ukraine against going a step further and declaring itself a nuclear power, a move the Ukrainian prime minister and a large lobby in parliament favour as a temporary measure.

"Is it not clear that making Ukraine a nuclear state is tantamount to opening a Pandora's box, giving the go-ahead to the appearance of other nuclear states, putting an end to the non-proliferation of nuclear arms and saying 'No' to nuclear disarmament?" Mr Yastrzhemsky asked.

Kiev's tentative step toward

disarmament, taken with little fanfare or attempt to win political credit from the west, does not rule out a future attempt by Ukraine to become a nuclear power.

The 10 missiles which have been taken off military alert are Russian-manufactured SS-19s.

Even Ukrainian hawks like Mr Kuchma support the dismantling of these weapons. Their position is that Ukraine should, at least temporarily, keep only the 48 SS-24 missiles on Ukrainian territory, which were made in Ukraine and are serviced by a Ukrainian factory.

Polyethylene plant to use cheap natural gas BASF in Siberian venture

By Paul Abrahams

BASF of Germany and Gazprom of Russia yesterday announced they would construct a substantial ethylene and polyethylene complex in west Siberia, costing between DM1.5bn and DM1.5bn (£500m).

The plant, to be located at Novyi Urengoi, will have a capacity of 340,000 tonnes of ethylene a year and 300,000 tonnes a year of low-density polyethylene. Construction should start in 1995 and be completed two years later. The announcement is a disappointment for Union Carbide of the US, which had been tendering for the project.

The Russian complex will have a cost advantage because it will use cheap natural gas

for its raw material rather than the more expensive naphtha used by most western polyethylene manufacturers.

The plant will also add significantly to overcapacity afflicting the west European petrochemicals industry. BASF is due to start production at its 600,000 tonnes-a-year complex at Antwerp at the end of this year.

BASF insisted the production would be used to meet Russian domestic demand. According to Gazprom, Russia consumes only 5kg per capita of polyethylene.

Financing for the project has yet to be decided. Mr Jürgen Strube, BASF chairman, said BASF would own less than 50 per cent of the plant. The group has been reluctant to be

an equity partner in a project so far from Germany.

German engineering groups Linde and Salzgitter were named by BASF as candidates for constructing the ethane cracker and LDPE plant respectively, although Mr Strube said as much as possible would be conducted by Russian sub-contractors.

BASF and Gazprom, which already have a joint venture in methanol at Arkhangelsk in northern Russia, are also considering building a natural gas pipeline from the Siberian peninsula of Yamal to western Europe. Analysts believe the gas, marketed through BASF's Wintershall subsidiary, could be used to pay for some of the German company's contribution to the project.

Leaders to meet in peace talks

By Laura Silber in Belgrade

AMID fears of a new Serb-Croat war in Croatia, Serbian President Slobodan Milosevic is due to meet in Geneva today Mr Franjo Tudjman, his Croatian counterpart, and Bosnian President Alija Izetbegovic for talks on ending the 16-month war in Bosnia-Herzegovina.

Peace talks have so far failed to stem violence in the republic. Croatian radio said yesterday that parts of south-western Mostar were aflame, including the town's industrial district.

The Croatian Defence Council (HVO) had seized key positions and pushed back the mostly Muslim Bosnian army, the radio said.

The Serbian and Croatian presidents are set to discuss the ethnic division of Bosnia on a "confederal basis". Tanjug, the Serbian news agency, reported. It did not mention whether Mr Milosevic would hold face-to-face talks with Mr Izetbegovic, who has rejected the ethnic partition of Bosnia in favour of a federal state.

Meanwhile, the Croatian president, in a statement yesterday, said the re-opening of the strategic Maslenica bridge was a "civil" matter which should not lead to "military conflict". Croatian and Serbian radio reported scattered artillery duels in Croatia as tensions escalated over the planned re-building of the bridge, which joins mainland Croatia to its southern Dalmatian coast.

Serb leaders from the self-styled state of Serbian Krajina, which has cut Croatia in half, on Thursday signed an agreement, brokered by international mediators, which reaffirmed calls for the withdrawal of Croatian army and police from Maslenica bridge and the nearby Zemunik airport and for the deployment of UN troops in the region.

Krajina leaders have vowed to stop the porous bridge from being put into operation tomorrow. Serb artillery is within easy reach of the bridge.

The UN has appealed to Croatia to postpone plans.

Portuguese condemn Renault plan

PORTUGAL'S trade minister, Mr Fernando Faria de Oliveira, has written a harsh letter to his French counterpart, Mr Gerard Longuet, over Renault's plan to dismiss more than 300 workers from the French car-manufacturing plant at Setúbal, south of Lisbon, writes Peter Wise in Lisbon.

"Foreign investment has always been welcomed in Portugal," the letter says. "But we don't want projects that set up here like Bedouins, that are nomad by nature."

Portugal contests Renault's economic argument for the dismissals, which will reduce production at Setúbal from 80,000 to 43,000 cars a year. Portugal says this is disproportionate to Renault's 13.8 per cent drop in production worldwide.

But Renault says half the production in Setúbal is for export to Spain, where sales have fallen 30 per cent.

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Clinton back home to face budget talks

By George Graham
in Washington

AFTER six months in the White House, President Bill Clinton has developed an unfortunate reputation for repeatedly allowing himself to be sidetracked from his primary policy goals.

But fresh from a success at the Group of Seven economic summit, Mr Clinton is showing signs of hitting his stride.

Flying home from Tokyo, he quickly and effectively took charge of relief efforts in the flood-stricken upper Mississippi basin. Federal emergency operations appear to have improved considerably after the criticism that followed last year's Hurricane Andrew, while Mr Clinton's readiness to reach out and hug the afflicted makes him a natural for the role of national comforter that Mr Ronald Reagan performed so well, and Mr George Bush so poorly.

Back in Washington, however, Mr Clinton finds a Congress almost as rebellious as the floodwaters of the Mississippi.

Heading the congressional agenda is the budget bill, with negotiations beginning in earnest next week on a compromise between the different versions already passed by the House and the Senate.

In the background, however, remain two irksome side issues: a controversial appointment and Mr Clinton's old nemesis, the issue of allowing gays to serve in the military.

The president has on several occasions annoyed some of his most faithful supporters by abandoning black and female nominees in the face of Republican opposition.

Dr Joycelyn Elders, his

choice for surgeon general, is both black and female. She is also, because of her outspoken and colourful advocacy of sex education and abortion rights, anathema to right-wing politicians, who have dubbed her "the condom queen".

Republican senators acknowledge they have little chance of blocking her confirmation on these grounds alone, but hope they may have more success on other grounds.

After backing away from Ms Lani Guinier, a prominent black lawyer who was his original choice to head the civil rights division of the Justice Department, Mr Clinton cannot afford another betrayal of the black caucus in Congress, and is expected to stand firm.

And although Mr Clinton's fellow Democrats are expected to back him on Dr Elders, many cannot be similarly counted on over the issue of gays in the armed forces.

Mr Les Aspin, the defence secretary, submitted to the White House on Thursday a proposal to allow homosexuals who do not reveal their orientation to continue to serve in the military.

The proposal, which falls far short of Mr Clinton's campaign promise, has already been dubbed unacceptable by gay activist groups and more moderate homosexuals such as Congressman Barney Frank.

If Mr Clinton can succeed in juggling these two issues, however, he appears to have some chance of success with his main preoccupation, the budget bill. While individual Democrats are making apparently irreconcilable demands on specific components of the budget, aides say their fear of failing on the overall bill should win the day.

US trade figures improve in May

By Michael Prowse
in Washington

The US merchandise trade deficit fell to \$8.4bn (£5.6bn) in May, a significant improvement after deficits in excess of \$10bn in both March and April. Most analysts expected a deficit of more than \$9bn.

The improvement, announced by the Commerce Department yesterday, partly reflected a recovery in exports, which rose 1.2 per cent from April and 4.4 per cent in the year to May. Imports fell 2.8 per cent from exceptionally high levels in March and April but remained 10.8 per cent higher than in May last year.

The Federal Reserve said

industrial output fell 0.2 per cent last month. Revised May figures showed zero growth rather than the 0.2 per cent rise first reported. For the second quarter, production grew at an annual rate of 1.9 per cent, sharply down from 5.5 per cent in the first quarter.

The weakness in production last month was broadly based, with declines in output of consumer goods, construction supplies and mining. Manufacturing output fell 0.3 per cent.

Consumer confidence continued to fall early this month, according to an index compiled by the University of Michigan which fell to 76.9 early this month compared with 81.5 in June.

Complex search for a 'gay gene'

By Daniel Green

THE discovery announced this week by US scientists that homosexuality may be inherited is only the latest success for a genetic research technique called linkage analysis.

It is a method that combines modern technology with a Sherlock Holmes-like deduction to deduce the possible. The human body is made up of cells. Each cell has within it 46 chromosomes, half from each parent. The chromosomes consist of millions of pairs of molecules in long chains, called DNA.

Humans have 99.9 per cent of their DNA in common. Linkage analysis, like the genetic fingerprinting used by the police, concentrates on the remaining 0.1 per cent.

To determine if homosexuality is inherited, researchers at the US National Institute of Health needed to compare the parts of the DNA of gay men which ought to differ but perhaps did not.

The task was immense. Even 0.1 per cent of human DNA leaves many thousands of points on chromosomes to examine and compare.

The solution came from figures on the incidence of homosexuality. The researchers took a sample of gay men and found a 13.5 per cent chance that a brother was gay too. They worked on the conservative assumption that the male homosexuality rate is about 2 per cent.

Then they looked at close relatives and found that male relatives on the mother's side were also more likely than the average population to be homo-

sexual, while those on the father's side were not.

This allowed them to eliminate all the chromosomes but one from their search, the one exclusively inherited from the mother, the X-chromosome.

Then began the laborious process of comparing the DNA of gay siblings.

Even concentrating on the small proportion of DNA that ought to differ between brothers, there are areas that may be in common, such as colour blindness, inherited on the X-chromosome. But by comparing their findings with those from other pairs of brothers, the scientists were able gradually to eliminate the other variables.

By the time their study was completed they had identified a single area on the X-chromosome common to most homosexual men with a one-in-10,000 chance of being wrong.

The research also indicated a different genetic area connected with female homosexuality.

The study is far from conclusive. Three quarters of men with this area of genetic material associated with homosexuality are not gay. And a minority of gay men seem, in the study, not to have the material.

In common with previous research that links behaviour with genetics, there are grey areas which prevent rigid rules being applied.

Nevertheless, the same research technique has had striking successes in the past. It identified the genes for inherited diseases such as cystic fibrosis and Huntington's chorea.

Cuba anxiously beckons the outside world

THE Cuban government yesterday gave a red-carpet welcome in Havana to nearly 80 foreign businessmen, asking them to invest in its beaches, oil, gold, bio-technology, and any other enterprise of possible interest.

They were enticed with lengthy presentations on the state of Cuba and top-level meetings with officials of their choice, and entertained at an official drinks party. Representatives from PepsiCo, Eastman Kodak, RJR Nabisco, BFI International, the US Rice Council, and a host of tourist developers, lawyers, investment bankers, and curious Cuban-Americans all made the trip.

Most of the visitors were from the US, although US law prevents them from doing business with Cuba or even spending money there. But sensing a slight easing in US policy to Cuba, Cuban officials and backers hope the meetings will generate opposition to the three-decade US trade embargo against the embattled island.

In the meantime Cuba is hoping non-US businessmen will prop up its faltering economy with foreign capital. Cuba has found foreign partners in tourism, mining, light industry, agro-business and electronics, and claims to have attracted some \$500m (£333m) in foreign investment in the past couple of years.

So far such investment has not stopped the economy's decline, provoked by the collapse in trade with former Comecon countries and glaring inefficiencies after 30 years of state planning. It is expected to have halved since 1989, with imports down to \$2.2bn from \$3.1bn.

Eight-hour electricity blackouts are common, malnutrition is a problem for the first time since the revolution, and trade in all but the most crucial

Damien Fraser on efforts to lure foreign business to Havana

products has ground to a halt. "You could sign fantastic letters of credit for \$1m of business tomorrow," says Mr Sem Davies of Fisons, UK pharmaceutical company, which has experience in Cuba "but you would never get paid."

The potential investors were briefed by earnest bureaucrats. Mr Raul Amado Blanco, of the central bank, said Cuba would allow foreign banks to set up branches in partnership with the government in Cuba. Cuba's need for credit, trade guarantees, import and export financing, credit card operations and more meant the country's financial sector was ripe for take off.



President Fidel Castro at the Ibero-American summit in Brazil this week: Cuba needs foreign capital

Mr Antonio de los Reyes, deputy minister of basic industry, handed out maps outlining oil and other mineral deposits in the island, and said laws that gave Cubans majority ownership of joint ventures could be "negotiated".

His department is to auction 11 oil fields to foreign investors - some 45 have shown interest

- in August. Three foreign oil companies, most notably Total of France, are already exploring in Cuba.

Mr Ernesto Melendez Bach, minister at the Economic Co-operation State Committee, said congress would soon consider legislation to let Cubans hold and spend foreign currency. This could bring trans-

actions now conducted in the black market to the formal market.

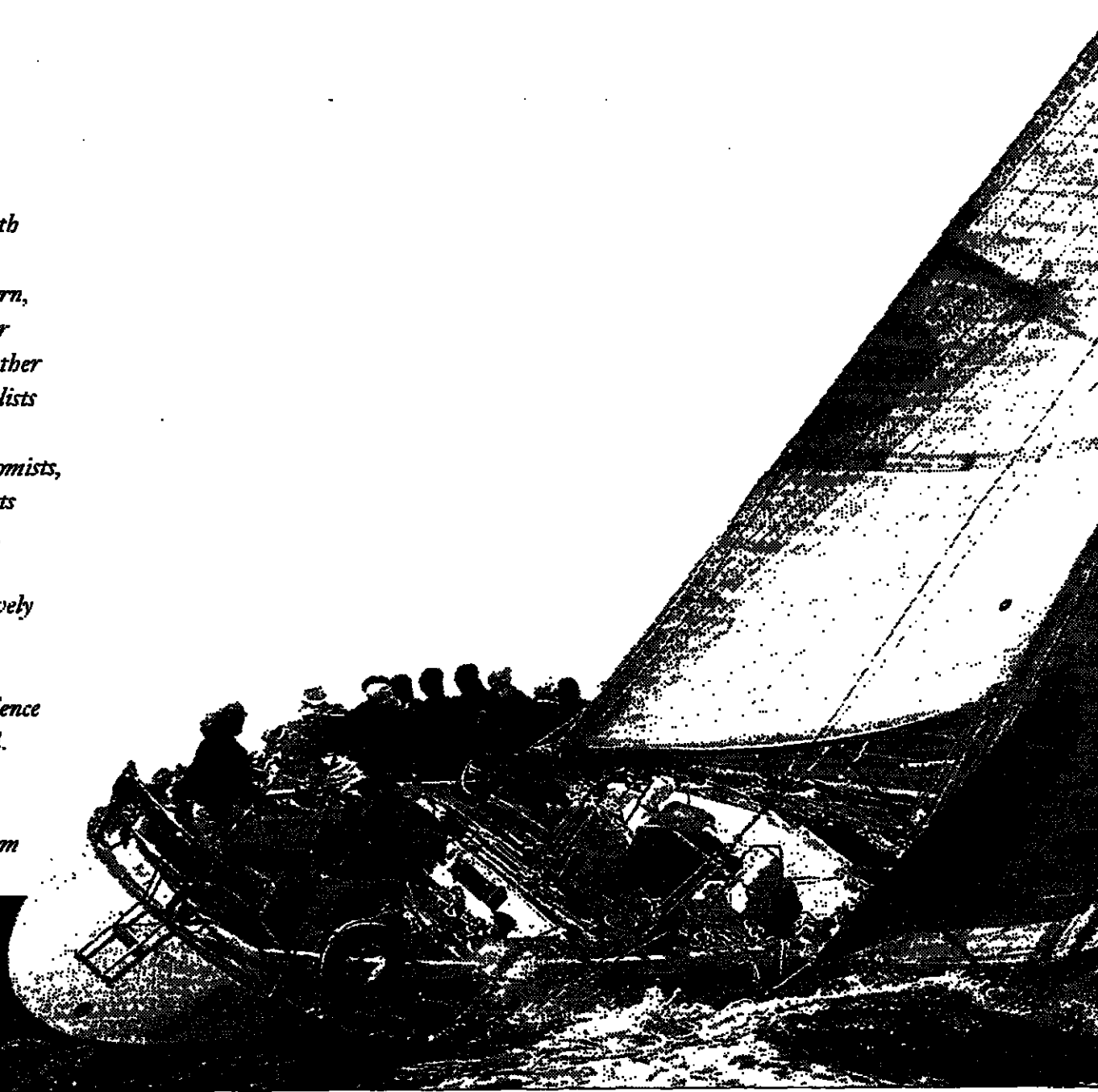
Unsurprisingly, the US businessmen who came along thought the US trade embargo should be lifted. "We have sent 55,000 people back in rubber bags back from Vietnam and we are doing business with them. Why not with Cuba?"

said the representative from BFI waste disposal company.

Despite the precarious state of the Cuban economy, many are enthusiastic about the market's potential. "The embargo could be lifted in three years," said the PepsiCo man. "Then Cuba will be the largest [Kentucky fried] chicken market in the Caribbean."

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NEWS: INTERNATIONAL

UN chiefs stand firm on action in Somalia

By Michael Littlejohns in New York

THE United Nations made plain yesterday that there would be no weakening of its resolve to meet the challenge of Somali warlords despite widespread criticism of military actions that have caused much bloodshed.

Addressing criticisms, especially by the Italian government, Mr James Jonah, senior official for African affairs, said that if the UN were seen to back down this would have a "devastating" effect on all its peace-keeping operations now and in future.

It would mean it could not sustain an enforcement operation mounted by the Security Council under the provisions of Chapter VII of the Charter. He rejected a contention that the UN took sides in Somalia, singling out General Mohamed Farah Aided as the main villain. In an enforcement operation, "you go after the delinquent side" he added at a UN press conference.

The Sierra Leone-born official strongly defended UN actions and indicated that the criticisms would not be allowed to sway policy.

Any weakening of UN resolve would produce repercussions among the other warlords and return the country to the chaos that preceded the US military intervention last December. As Mr Boutros Boutros Ghali, the secretary general, prepared for crucial talks next week with a senior Italian government envoy to try to resolve what Mr Jonah called "a fracas", officials denied that he had apologised to Rome over recent events.

Mr Jonah mentioned that there had been parallel problems with some other contingents, but the difference was that Italy had "gone public". He confirmed that the Italians had not been invited to join the force in Somalia, their former colony, but had pressed to be included - eventually providing the third largest contingent, of about 2,400 soldiers. Responding to criticism of what has been called the dominant role of the US, which has 4,000 troops in the country and a quick reaction force of 1,300 offshore, Mr Jonah asked: "Why is it such a surprise?"

When the UN force took over in April it was on the understanding there would be strong US logistic support, that the marines would stay in place and that "if we got into difficulties we were going to call on the Americans".

Reuter adds from Mogadishu: There were worrying signs yesterday that Italian troops risked being caught up in the two-year power struggle between Gen Aided and his rival Mr Ali Mahdi Mohamed.

The UN said Italian troops "received and returned fire" late on Thursday in an area of north Mogadishu controlled by Mr Mahdi. It was the second incident in two nights.

US to report on Pyongyang soon

THE US yesterday promised a "substantive" announcement next week on its talks with North Korea over two suspect nuclear sites and Pyongyang officials said the negotiations were making good progress, Reuter reports from Geneva.

Mr Robert Gallucci, the assistant secretary of state and the US delegation leader, said the talks, which opened on Wednesday and had been expected to end on yesterday, would be extended to next Monday.

"We expect that we will have something substantive to share with you after Monday's meeting," Mr Gallucci said in a three-line statement issued by the US mission in Geneva.

Following his statement, Mr Pak Chang Rim, a spokesman for the North Korean mission told reporters the decision to continue until Monday "shows that the negotiations are going well".

The talks concern US demands that North Korea open up two sites near its Yongbyon nuclear reactor north of the capital to inspection by the International Atomic Energy Agency (IAEA), something the North Koreans

Mr Middle Japan wants change

Robert Thomson meets Tokyo voters for whom personalities come first



Japanese Elections

AFTER two weeks of haranguing by passing loud-speaker vans and of quiet contemplation, Mr and Mrs Middle Japan have firmly decided on their votes for tomorrow's general election. But Tadaaki and Toshie Koizumi suspect that the trip to the polling station will be repeated, as the results will set the scene for another election within a year.

Tadaaki, 48, who works as an engineer at East Japan Sugar Industries, linked to the Mitsubishi family of companies, admits that he still does not have "much detail on the parties' policies", but wants to put fresh politicians in the Japanese parliament.

Toshie, 45, a part-time assistant at the local school in Chiba, on the fringe of Tokyo, has always voted for the Japan Socialist party - or, as it is now known, the Social Democratic party. She is sad that the party appears set for a beating at this election,

but it will not get her vote. "I think their era really ended when Ms Doi was replaced as leader," explains Toshie, referring to Ms Takako Doi, who lost the leadership two years ago after appearing ready to drag the left-wing party towards the centre and, perhaps, into government.

With the SDP having wasted past opportunities, both Tadaaki and Toshie will vote for the Japan New party, formed last year by Mr Morihiro Hosokawa, a popular provincial governor.

"It's funny, but I don't really know what the details of the JNP's policies are or will be, but that doesn't bother me. The important thing is to get some new politicians into the parliament and to end the old alliances," Tadaaki says.

They suspect that the election will produce an uneasy coalition government, which will be vulnerable to a no-confidence motion similar to that which brought down the Liberal Democratic party government of Mr Kiichi Miyazawa a month ago.

In the time between tomorrow's election and the next poll, they expect that the JNP

will be able to muster more candidates and present the LDP with tougher opposition. Tadaaki says change will come more gradually than many people expect because "it's very difficult to get sudden change in Japan".

As for who should be the prime minister from next week, Toshie has a preference that is rather out of line with her past as a socialist supporter, but fits in with the general characteristic of personality being more important than ideology in Japanese politics.

"If I had the choice of a person, I would select Shinzō Abe," she said. Mr Ishihara is a right-wing member of the LDP, who has disputed accounts of Japan's brutality in its invasion of China, and was the author of a Japan That Can Say No. In general, Mr Ishihara has a theory for every occasion and more opinions than evidence to support them.

"I like him because he has opinions. I may not agree with them all, but he has ideas. Most Japanese politicians are incoherent and weak. Mr Ishihara leaves a strong impression," Toshie says.



Tadaaki: does not have much detail on the parties' policies

Sudden influx of boat people upsets UK

By Alexander Nicoll, Asia Editor

BRITAIN yesterday expressed concern to China over a sudden influx of about 600 boat people of Vietnamese origin who have arrived in Hong Kong from China in the past two weeks.

The refugees from China's

Guanxi province, some of whom have lived there for up to 15 years, have told the Hong Kong authorities that they were fleeing after their homes had been destroyed. The reason for this was not known.

Mr Alastair Goodlad, Foreign Office minister, called in China's chargé d'affaires, Mr Zheng Jinjiang, and asked the

Chinese government to take all necessary steps to stop the flow of people and to take back those who have arrived in Hong Kong. Mr Zheng undertook to report back to Beijing.

The boat people are being put in two Hong Kong detention camps. Foreign Office officials said there was no question of sending them to

Vietnam. On two previous occasions, in 1987 and 1988, people of Vietnamese origin who landed from China were returned to China.

A resurgence of illegal immigrants would worry Hong Kong, which is seeing a steady reduction in the number of Vietnamese in its camps. Since it set up repatriation

schemes with the Hanoi government, only 34 boat people have landed in Hong Kong from Vietnam in 18 months, compared with 19,000 arrivals in 1991.

So far this year, over 3,500 have voluntarily returned to Vietnam, compared with 12,000 last year. About 40,675 are left in Hong Kong.

China's HK committee starts work

By Our Foreign Staff

THE Chinese Communist party yesterday rolled out the red carpet for the first meeting of a controversial new panel that Beijing officials said would "study" issues relating to Hong Kong's reversion to Chinese sovereignty in 1997.

The "preparatory work subcommittee" was created by China's National People's Congress at its annual meeting in March and represents an achievement for the party's "united front" tactics in Hong Kong ahead of 1997.

It is headed by Mr Qian Qichen, foreign minister, and includes a number of leading Hong Kong citizens such as businessman Mr Li Ka-shing and former advisers to the British colonial government such as Mrs Rita Fan.

The presence at the inauguration of Mr Jiang Zemin, Communist party chief, and Mr Zhu Rongji, executive vice-premier, was seen as a demonstration to Britain that many of Hong Kong's leading figures opposed Hong Kong Governor Chris Patten's scheme to broaden local democracy.

Since China's decision to create the panel was announced, fears have been expressed in Hong Kong that it may act as a "shadow authority", second-guessing the British colonial government's every move before 1997. Mr Qian moved yesterday to quell those fears.

He said China would not undermine British sovereignty; the panel "cannot be some second power centre or shadow authority".

Mr Jiang said it ushered in a "new stage" of preparing for Hong Kong's takeover; he hoped Beijing and London could "overcome their misunderstandings and strengthen co-operation and trust" to promote a smooth transition.

Other senior Chinese govern-



Members of the Preparatory Work Subcommittee leave the Great Hall of the People in Beijing after their first meeting

ment officials took the opportunity to send various signals to Hong Kong. Mr Yu Xiaosong, vice minister of the State Economic and Trade Commission, said measures taken to curb economic overheating on the mainland would inevitably slow investment in Hong Kong. He said no existing investment would be recalled, but

China would curb frenzied mainland speculation in Hong Kong's stock and real estate markets. "China's is a developing economy that should try to retain its capital."

Gen Xu Hui, deputy chief of the general staff, said Beijing would station troops in Hong Kong's rural and urban areas. They would be a multi-

lingual, incorruptible elite trained in the colony's law.

However, Mr Allen Lee, a member of the panel and a conservative Hong Kong politician, warned Beijing not to station troops in urban areas.

"The Chinese leadership ought to consider the psychological effect on Hong Kong people," he said.

Call for more competition in market

By Emiko Terazono in Tokyo

JAPAN'S Ministry of Finance yesterday called for a loosening of the strong ties between ministries and corporations and for a more transparent and competitive market economy.

In a report entitled "The market economy and the government's role", the ministry says that while the bureaucrat-corporate links have helped Japan become an economic power, they have prevented the development of competition and transparency in financial markets and industries.

Japan's new reformist parties are blaming the country's bureaucrats for inefficiency and higher prices and calling for a smaller government ahead of tomorrow's election. The guiding hand of the government, which has nurtured industries, is now seen as a barrier preventing foreign competition. At the same time, "the nation's consensus over

priority to corporations is deteriorating," says the report.

The ministry says the state of stock market scandals, involving compensation by stockbrokers to favoured clients who incurred losses, was due to the lack of competition and transparency caused by governmental protection.

In spite of its admissions that the powerful bureaucrats are now obstructing further maturity of the country's economy, it remains to be seen whether the Ministry of Finance is willing to follow its own recommendations.

After the plunge in the Tokyo stock market last August, the ministry was criticised for supporting share prices by pumping in public pension and insurance funds.

Investors' concern over the deregulation of the equity market has heightened as the ministry and financial regulators tightened restrictions on controversial stock futures trading.

Former S Korean defence officials to be indicted

By John Burton in Seoul

FOUR former South Korean defence officials are expected to be indicted for allegedly accepting bribes and kickbacks from companies for military contracts, in response to an official investigation.

The senior officials, all of whom served under the previous administration of President Roh Tae-woo, include two former defence ministers, Mr Lee Jong-koo and Mr Lee Sang-hoon, a former air force chief of staff, General Han Chu-sok, and a former chief of naval operations, Admiral Kim Chul-woo.

The expected arrests are the result of a two-month investigation by the Board of Audit and Inspection (BAI) into military procurement.

The BAI estimated that at least \$25m (£16.6m) was wasted in corruption and mismanagement of the nation's multi-billion dollar Yulgok defence modernisation programme.

The investigation has implicated some of the country's leading industrial groups, including Samsung, Hyundai and Daewoo. Daewoo is alleged to be South Korea's top public prosecutors' office to have

given Won170m (\$142,380) in bribes in connection with the procurement of the Lockheed P-3C anti-submarine aircraft. Daewoo Heavy Industries produces wings for the US patrol aircraft.

Hyundai Precision & Industry is suspected of bribing officials for a contract to supply components for the domestic K-1 tank, while Samsung Aerospace Industries allegedly paid money to win an order for the supply of helicopter parts.

The companies deny they bribed officials for military contracts although Hyundai has reportedly conceded that it gave a "monetary present" to one of the officials.

BAI last week accused 53 senior officers and bureaucrats of being involved in corruption associated with the Yulgok programme.

The Ministry of Defence immediately sacked the commanding general of the First Army corps and an assistant defence minister.

There are suggestions that the government may only prosecute a few senior defence officials because the new administration of President Kim Young-sam is concerned about further alienating the military.

UN and Iraq talks make no headway

NEITHER Iraqi nor United Nations officials reported progress yesterday after two rounds of talks in Baghdad aimed at resolving a confrontation over Iraq's refusal to permit UN monitoring of two missile testing sites, writes Mark Nicholson in Amman.

The UN delegation, headed by Mr Rolf Ekeus, chairman of the UN special commission

into Iraq's weapons of mass destruction, said he would hold more talks late yesterday with an Iraqi team led by Mr Tarek Aziz, the deputy prime minister. An earlier session between the UN team and Mr Aziz made little headway.

Mr Ekeus also met Mr Mohammed Saeed al-Sahaf, Iraq's foreign minister, on Thursday.

Afrikaners make quiet U-turn to face future

Deep in the Orange Free State, Patti Waldmeir finds racist rhetoric but pragmatic action

SINCE the Boer Republic of the Orange Free State was founded by Afrikaner pioneers in the 19th century, there has never been a shortage of racists in the land between the Orange and the Vaal rivers.

Even today, as black and white South Africans join hands at national level over a new multi-racial constitution, the Free State can regularly be counted on to show that racism is alive and well in the new South Africa.

Sit down at any bar in any dorp (town) in the Free State, and the racist rhetoric flows as liberally as the rum and Coke: defend the African National Congress, and you will be told the black man is not fit to govern; condemn apartheid and you will learn that it was the only policy which could prevent civil war; welcome the imminent abolition of segregated town councils, and provoke defiance.

If you are a foreigner - or worse, a South African liberal - extra efforts will be made to outrage you: eventually, someone will tell a crude joke about a black and a dog, or a black and a monkey, with no prizes

for guessing which comes out on top.

So the Free State confronts the new South Africa with a swagger and a bellow, promising to launch a new Boer war against blacks - and to win it, this time.

But behind this facade of racist bravado, even the most belligerent Free State farmer is quietly making his peace with the multi-racial future.

In the bar of the Friesland Hotel, in the tiny dorp of Koppies, with its orderly, empty white streets and its vast dusty black township nearby, Mr Sakkie van der Schyff recounts with pride the story of the Koppies blockade.

Earlier this month, hundreds of whites penned the black residents of Kwakwatsi inside their township, and shot anyone who tried to leave (wounding eight blacks). Mr van der Schyff, whose grandfather was a member of the pro-Nazi Ossewa-Brandwag during the second world war, commanded operations. Police did nothing to stop it.

Mr van der Schyff is confident the blacks of Kwakwatsi deserved their fate: they had staged an almost total boycott

of white shops for a fortnight (the fourth boycott this year, not to mention six work stoppages), they had burned down a warehouse at the local showgrounds, they were refusing to pay for the electricity, sewerage and water provided to Kwakwatsi - in short, they had exhausted the patience of white Koppies, which fell back on the old apartheid methods to suppress them.

But the blockade of Koppies is far more likely to prove one of the last battles of the old war, not the beginning of a new racial conflagration - and Mr van der Schyff knows it. As much as anyone, he has started to make his peace with the new reality.

When squatters from Kwakwatsi stole the fencing from his farm, which borders directly on the township, and began to graze their cattle in his field of young sorghum, Farmer van der Schyff could simply have shot them, in the time-honoured tradition of the old South Africa.

Instead, he used the tools of the new South Africa, negotiation and compromise, to strike a deal with his neighbours to

allow them to graze their cattle in his winter fields (forfeiting thousands of rands he could have earned by selling the stubble as feed) in exchange for keeping their stock out of his fields during the summer growing season. He declares himself satisfied with the trade-off.

Like many right-wing Afrikaners, 35-year-old Mr van der Schyff exhibits a confusing mixture of defiance and resignation. With the same breath that he promises never to give in, he avers that the political eclipse of the Afrikaner is the will of God.

He would not consider leaving his farm to emigrate to the Afrikaner homeland demanded by right-wing political parties, and seems surprisingly relaxed about the advent of Nelson Mandela as president, so long as whites retain a share of power. What Mr van der Schyff most fears is communism - and he listens carefully to me as I assure him that this is not the current agenda of the ANC.

He would do better to listen to the remarkably moderate vice chairman of the local ANC branch, Mr Solly Mayekiso. Scarcely days after the vio-

lence of the blockade, this was his message to white Koppies: "We understand the fears of these people [whites]. But there is the table: let's sit down and talk and we might come up with a viable solution... Co-operation with the other side will be the key word in future."

Mr Mayekiso is grateful for the improvements in township life since the ANC was unbanned in 1990: blacks no longer need enter the post office by a separate door; they can use the library (though there are sometimes problems); theoretically, they can swim in the local pool, though right-wing threats have made this impossible in practice. And he cautions that the ANC must control the expectations of its people, arguing that developing Kwakwatsi will be a slow process even after blacks gain power.

Over the next few months, the ANC's desire for reconciliation with whites and the Afrikaners' pragmatism - will be put to the test as Pretoria forces the abolition of white local councils in towns like Koppies. They are to be

replaced with multi-racial councils (half white and half black) charged with jointly administering the black and white neighbourhoods of each town ahead of local government elections within 18 months.

Whatever the progress at national level - where parties could soon reach agreement on a fairly liberal multi-racial constitution - the impending battle of the tax base between white towns and their black townships will loom largest in the minds of ordinary South Africans.

Mr Charl van der Merwe, deputy mayor of Koppies, says the town's 1,000 whites will refuse to subsidise the 15,000 residents of Kwakwatsi, which has no paved roads, only communal water taps, corrugated iron shacks and bucket toilets in many areas. The township must be upgraded - but central government must pay.

In the end, though, numbers will triumph, and blacks will gain control of the Koppies tax base. Mr van der Merwe knows that, Mr van der Schyff knows it, and Mr Mayekiso too: chances are they will find a way to live with that truth in peace. They have no choice.

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Clarke prepared to extend scope of VAT

By Philip Stephens, Political Editor

MR KENNETH CLARKE yesterday admitted that the government might extend further the scope of value added tax if the recent acceleration in the pace of economic recovery did not make a significant dent in the government's borrowing requirements.

In a bid to shore up crumbling support for the Conservative candidate in the Christchurch by-election he ruled out unequivocally the intro-

duction of new National Health Service charges for the elderly.

The chancellor did not attempt to counter the backlash in the once-safe Tory constituency against the introduction of VAT on domestic heating, hinting instead that he would be ready to widen further the VAT net to raise additional revenue in his November Budget.

He told a press conference in Christchurch that he had supported from the outset the imposition of VAT on fuel, adding that he had

always regarded the UK's relatively narrow indirect tax base as "anomalous".

Endorsing the progressive shift in the tax burden from direct to indirect which has been engineered by previous Conservative chancellors, he left the clear impression that, if necessary, he would consider ending the zero-rating of other goods and services.

But he insisted repeatedly that he would make his judgment on any tax changes much closer to the date

of the Budget, holding out the possibility that faster-than-expected economic growth might allow him to avoid any significant increases.

In a confident if relatively brief appearance on the by-election stage, Mr Clarke set as his aim the once-and-for-all rebuttal of claims from opposition parties that the government is considering charging the elderly for prescriptions and introducing "hotel charges" for stays in hospital.

Around one-third of the voters in

the constituency are elderly and the combination of VAT on fuel and fears about the future of the welfare state have dealt a crushing blow to Conservative hopes of retaining the seat in the July 28th poll.

Mr Clarke also gave a broad hint that other groups currently exempt from prescription charges - notably children - would retain that privilege. But, facing a £50bn annual borrowing requirement, he refused to give other pledges on spending or taxation to prevent what party work-

ers fear is a haemorrhaging of support for Mr Robert Hayward, the Conservative candidate.

Instead the chancellor accused Mrs Diane Maddock, the Liberal Democrat challenger in Christchurch, of promising billions in additional expenditure that would be impossible to finance.

He confirmed that the cabinet was pressing ahead with plans to restrict the scope of invalidity benefit and was looking for other savings across the welfare budget.

Tories stress independence in Euro poll

By Alison Smith

THE CONSERVATIVE party yesterday sought to tackle the difficulties it faces in next year's elections for the European Parliament over its relationship with the European People's party, the alliance of right-of-centre European parties.

Mr David Heathcoat-Amory, the Foreign Office minister, emphasised that Tory candidates would campaign on the basis of a Conservative manifesto in the Euro-election, not on the basis of the federalist EPP manifesto, in spite of the links between the two parties.

His words will come as a relief to Tory Euro-sceptics who have been lobbying to make sure that the June 1994 campaign is not fought on an EPP platform.

The EPP is sympathetic to the social chapter, a European single currency and the extension of majority voting to allow for the development of joint action on foreign policy.

Whatever the formal separation of manifestos, the campaigns will not be unrelated.

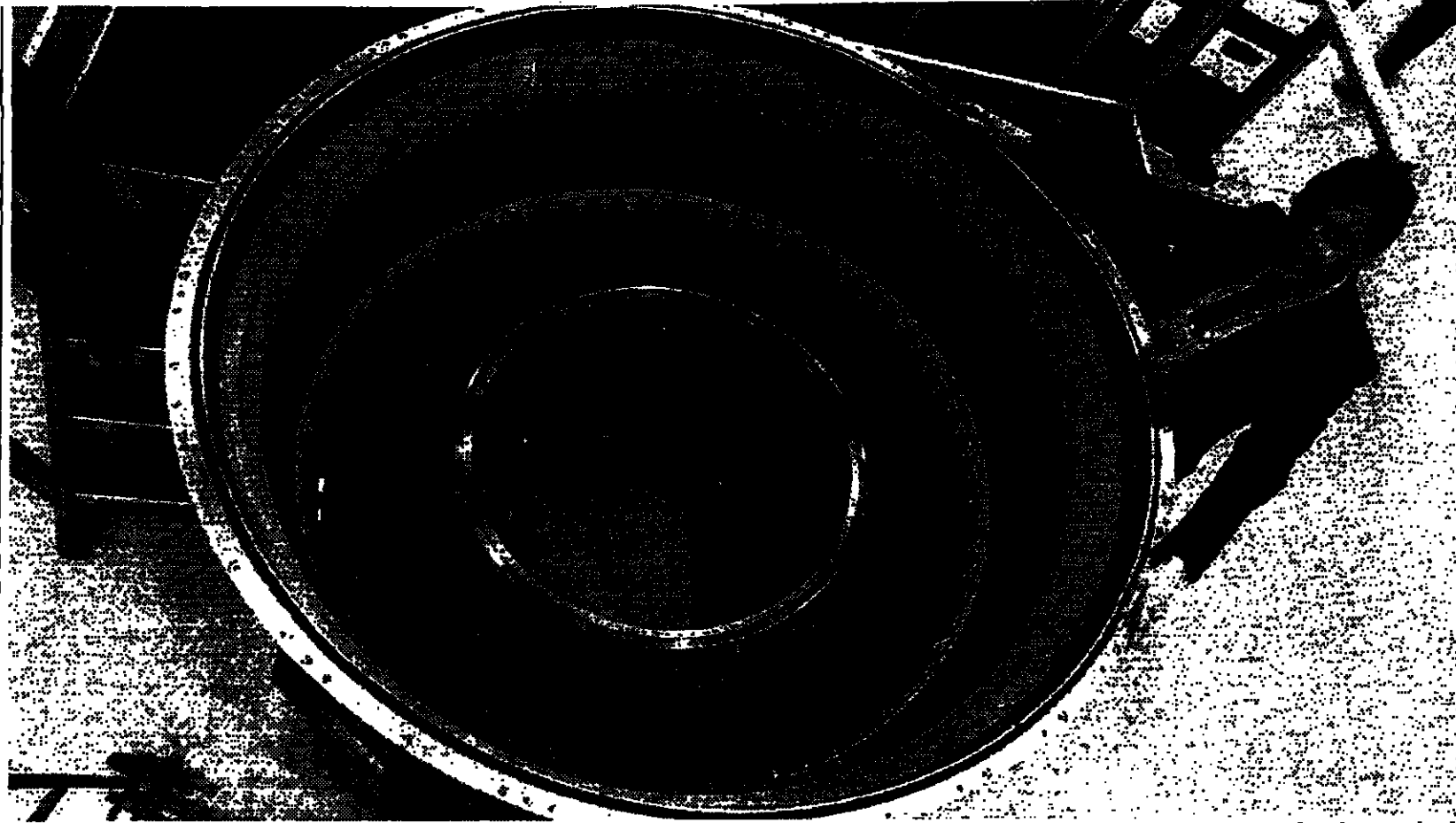
The EPP is represented on the Conservative European elections committee, chaired by Mr Douglas Hurd, the foreign secretary. The committee will meet for the first time later this month.

The EPP also has an office in the Conservative party's London headquarters in Smith Square, Westminster.

Mr Heathcoat-Amory was careful yesterday to spell out how useful the alliance with the EPP at Strasbourg had been to the Tories so far, saying that it had frustrated attempts by the left-of-centre majority to undermine the UK's presidency of the Community last year.

His speech at a Conservative Political Centre seminar also set out some of the central themes for the campaign, intended to unite the party around a vision of the EC almost all Tories can share: decentralised, open, free-trading, and based on inter-governmental co-operation.

The importance of the single market and of greater powers for the European parliament will also be highlighted in the campaign.



MR TREVOR MURCH, managing director of Parsons, the Newcastle turbine generator plant, yesterday showed off the company's first aero engine fan case for Rolls-Royce Aerospace Group, Chris Tighe writes.

The £250,000 case, produced for the Rolls-Royce BR211-535E4 is part of the company's move into new product areas. It is the first large Rolls-Royce component to be made by Northern Engineering Industries, Parsons parent company, since NEI was taken over by Rolls-Royce four years ago.

Parsons, part of Rolls-Royce Industrial Power Group, won the 10-year contract against stiff competition from within and outside the company. It has

become one of two fan-case production sites within Rolls-Royce. The fan cases are made of titanium, aluminium and Kevlar, a synthetic fibre also used in bullet-proof vests. They are being produced in a former pipeworking building, refurbished at a cost of £5m.

Production of the fan cases, which

each take 800 worker hours, should reach one a fortnight this year and eventually output is expected to rise to two a week, generating £25m annual turnover for Parsons.

The BR211-535 is one of Rolls-Royce's most successful aero engines, used by more than 80 per cent of Boeing 757 operators.

Cabinet set to rule on council review

By John Authers and Alison Smith

ENVIRONMENT ministers are finalising revised guidelines for the Banham review of local government in England, following renewed pressure from local authority associations.

The cabinet, however, is unlikely to make a decision next week because of Thursday's critical House of Commons debate on the social chapter of the Maastricht Treaty.

Although this makes the precise timing uncertain, clarity-

ing the task of the Banham Commission - which has already recommended creating 24 unitary councils in place of 66 county and district councils - is a priority for the Department of the Environment.

Mr John Gummer, the environment secretary, told local authority associations: "Having had the first few proposals, there is sufficient comment for it to be ridiculous for me merely to say we'll go on exactly as we are. I hope to make some announcements very soon indeed."

Mr Gummer could:

- Speed up the Banham review, which is now expected to take another three years.
- Allow an "opt-in" approach, where councils must invite Sir John Banham to review their structure.

But the Association of County Councils is opposed to changes in the guidance. "Opting in" would support its view that there is no need to change the status quo in many areas.

Such an approach would be seen by Labour as deeply contentious. Since the commission was a Conservative manifesto commitment, the opposition is unlikely to be able to resist

claiming another government U-turn if its review became voluntary. There is more common ground on other ideas to expedite the process, such as adjusting the guidance.

Yesterday the review was criticised by the European Policy Forum, which said the commission's work should be redesigned, because the unitary principle would be achieved "at too high a cost".

The Local Government Review itself Reviewed, *European Policy Forum*, 20 Queen Anne's Gate, London SW1H 9AA. £5.00.

'Leak' warning on data transfer

By Rachel Johnson

THE INLAND Revenue Staff Federation is to write to the 50 largest UK companies warning them that the imminent transfer of 40m computer records to the private sector could result in leaks of confidential information.

The campaign follows this week's warning from Mr Eric Howe, the data protection registrar, that new laws were needed to tackle the established black market in personal financial and credit data held on computers.

Mr Clive Brooks, the general secretary of the IRSF tax inspectors' union, said that the protection of personal data on state computers was not being addressed by the government in its plans to contract out Whitehall work.

He will warn companies that the safety of computer files held by the Inland Revenue - and "highly secure due to Civil Service standards and traditions" - cannot be guaranteed once the government awards a 10-year contract for its computer operations to one of two US bidders.

"The contract will mean the

transfer of 40m computer records on UK companies, firms, partnerships and individual taxpayers' records away from the Civil Service and into the private sector," he pointed out. There is not even a guarantee that the files or processing will remain in Britain.

The information technology division, which employs 2,700 staff, is the largest division to be contracted out within the Inland Revenue.

Mr Brooks said that Civil Service standards have up to now been effective in their protection of the confidentiality of computer files. Only "occasional" inadvertent slips by temporary staff have resulted in leaks of information such as Mr Norman Lamont's credit card details from the National Westminster Bank.

Several companies due to receive the warning from the IRSF yesterday indicated that they were confident that the right safeguards would be implemented by the company that won the contract.

"It is such a hugely sensitive area that we have to believe that proper precautions will be taken," said one.

Labour motions back union vote

By Alison Smith

MR JOHN SMITH, the Labour leader, cannot necessarily count on the support of many constituency parties in his battle with the unions over their links with the party, judging by the motions tabled for Labour's annual conference.

Almost 30 local parties have put down motions calling for the unions to retain a voice in the selection of parliamentary candidates and the election of the party leader.

Only six have tabled motions giving clear support to the leadership's plans for one member, one vote in party elections.

Although most constituency parties have decided not to put down motions on this question, the proportion against the

leadership's proposals out of those which have tabled motions will be a warning to the party leadership.

The support of the constituency parties is critically important to the leadership in promoting the changes, both for the votes they cast and also for the pressure on the unions that would be created by overwhelming support from party members for change.

Earlier this week, the Labour group reviewing the party's links with the unions backed Mr Smith's insistence that only full Labour party members should vote in the selection of parliamentary candidates. Labour-supporting trade unionists would have to pay a reduced membership fee, in addition to the political levy, to become members.

Authorities urge 6.5% rise

By John Authers

LOCAL authorities yesterday called for a 6.5 per cent rise in government grants for 1994-95.

Their call followed the leak of a letter sent to the Treasury in May by Mr Michael Howard, the then environment secretary, which accepted a rise of only 3.5 per cent. According to Mr Howard, this could be "lived with".

However, a joint submission by all five local authority associations - the associations of

County Councils, District Councils, London Authorities and Metropolitan Authorities, and the London Boroughs Association - said that budgeted spending on services for 1993-94 was £42.6bn, "well over" the settlement from government of £41.2bn.

The associations said this level of spending was achieved "by a substantial withdrawal from authorities' rapidly diminishing reserves". It was also a real reduction of 0.3 per cent in the volume of services,

after adjusting for changes in responsibilities.

Spending would need to rise further because of new government measures, they said.

The document also took issue with the government's planned extra expenditure of £700m on the care in the community programme, claiming £1.2bn was needed. It predicted that the shortfall could grow "still wider" in later years.

The associations met Mr John Gummer, the environment secretary, next Thursday.

George Formby fans are not amused

BLACKPOOL, Britain's biggest and brashiest seaside town, was humbled this week. Even the George Formby Appreciation Society was pushed to keep smiling when the European Court of Justice ruled that Blackpool's beaches did not meet environmental standards.

The court ruling came as no news to Mr Alan Hall, a Blackpool deck chair attendant for four seasons. "I would not set foot in the sea except to recover a deckchair," he says.

The timing of the court judgment - on the eve of the UK school holidays - was a particular blow. The borough council's tourism office describes it as "a bit of a bad publicity". It says the water is cleaner than it used to be, and some day it will be cleaner still.

By the standards of most seaside resorts, Blackpool has a serious image problem. But normal standards do not apply in this town of 105,000 people, where Father Christmas adorns seafront lamp-posts in July. Seventeen million people visit Blackpool each year precisely because the town is not normal. The business of Blackpool is to astonish the senses with noise, colour, light and size.

Mr Geoffrey Thompson, man-

aging director of Pleasure Beach, an amusement park full of rides, shows and cafeterias which brings in 8.5m visitors a year, says Blackpool has largely turned its back on the beach in favour of the entertainments across the promenade, and has got a good swap.

Next year Pleasure Beach will unveil the largest roller coaster in the world. To pay for itself, the £9m ride will need to attract another 1m visitors. Mr Thompson believes it could achieve that in just one year.

To market Blackpool, Pleasure Beach has formed an alliance with First Leisure Corporation which runs the three piers, the Winter Gardens, the Blackpool Tower and dozens of clubs and shows. Restoration of the tower was completed at Easter and next year will see extravagant celebrations of its centenary.

Mr Roy Page, managing director of First Leisure's resorts division, says the company invests "because we believe Blackpool has a good future". To Blackpool's guest house owners, that

future looks very different.

In days gone by, Blackpool boomed when northern industrial towns shut down for a fortnight and their populations emigrated en masse to the seaside. The traditional boarding houses still cater for visitors from Tyneside, the west Midlands, Glasgow, south Wales and Dublin. Competition makes £9 a night for bed and breakfast very common - half what it would be in Bournemouth.

But now the trend is to short breaks - a week at the most. The faster turnover is good news for Pleasure Beach and First Leisure, but bad news for the small hotels. Day trippers pour cash into the amusement parks but do nothing for the hotels.

Mr John Donovan, secretary of the Blackpool Hotel and Guest House Association, says his 1,300 members will suffer most from the bad publicity about Blackpool beach. He says: "I wouldn't say our members are making money, they are covering debts, keeping their heads above water."

Mr Donovan says hotel trade fell 20 per cent in 1991 on the previous year and a further 10 per cent last year.

Water is one of the costs that is rising - North West Water has completed metering and water bills for some hoteliers have doubled.

The bigger hotels benefit most from Blackpool's conference trade, which has just enjoyed its best ever year. Among this year's conferences at the Winter Gardens have been 20,000 pigeon fanciers and 10,000 young farmers, who are regarded as good spenders.

Suggestions that the quality of the beach is of little importance are supported by the fact that the resort is busiest when the beach is cold and dark - during the traditional illuminations, the show of lights along the promenade which this year runs from September 3 to November 5.

Old illuminations are one of Blackpool's few growth exports. Last year some went to Bangkok. This year some were sold to Saudi Arabia and now adorn the seafront at Jeddah - an irony, as British Aerospace, which employs about 5,000 people at nearby factories, is hoping for an order for Tornados from the Saudis.

There have been successes in winning Civil Service jobs, principally the Department of Social Security and National Savings, but employment in manufacturing has been shrinking. Burton, the biscuit maker, has just announced 450 job losses. British Nuclear Fuels is cutting back.

Lancashire County Council estimates that unemployment in Blackpool borough is 10 per cent - 13 per cent in winter and as high as 30 per cent in some areas.

Mr Ivan Taylor, the council's leader, says income levels are 32 per cent below the national average. He fears a low-wage, low-skill economy, over-dependent on tourism.

Blackpool is seeking assisted area status from the government, an appeal which is not easy to make while the resort exudes brash self-confidence to appeal to visitors.

Mr Taylor says: "We have trouble convincing the civil servants in Whitehall that we are a deprived area. They ask: 'Are you a deprived area or a nice place to visit?'"

Assisted area map ready for approval

THE NEW assisted areas map will be presented for approval to the weekly meeting of the 17 European commissioners in Brussels on Wednesday, the Department of Trade and Industry confirmed yesterday, Chris Tighe writes.

The DTI said agreement had been reached with the European Community on the map, which determines in which areas companies can obtain government regional aid.

The government hopes to give details of the map, which is expected to give assisted area status to some parts of southern England, in the Commons on Wednesday.

The map has been slightly amended since last week's negotiations between Mr Tim Sainsbury, industry minister, and Mr Karel Van Miert, EC competition commissioner.

It is not yet certain whether discussion of the map will be given priority at the commissioners' meeting on Wednesday, the DTI said, and an announcement might have to be postponed until Thursday, or even the start of the following week just before parliament rises on July 27.

The DTI yesterday confirmed that the proportion of the working population covered by the map would be about 35 per cent, less than 1 percentage point below the present coverage.

LWT criticised on brands' prominence

THE Independent Television Commission yesterday criticised London Weekend Television for "serious errors" in giving undue prominence to commercial products in programmes.

The commission said that successive programmes in the popular Cilla Black series *Surprise Surprise* gave undue prominence to company names or products such as Delta Airlines, EverReady and Mothercare. It also decided that the promotion of the restaurant Planet Hollywood on *Aspel and Company* went beyond acceptable "plugging". This occurred when its owners, the actors Arnold Schwarzenegger, Sylvester Stallone and Bruce Willis, appeared on the show.

LWT has accepted that editorial mistakes were made in both *Surprise Surprise* and *Aspel and Company* and as a result is appointing a compliance officer to ensure that rules are observed.

The commission also issued a general warning about ITV companies giving branded products undue prominence.

Home Office workers strike

A ONE-DAY strike yesterday by 9,000 Home Office workers belonging to the two largest Civil Service unions had little effect on the public, the department's management said.

Officials of the CPSA and NUCCS unions said passport offices and airport immigration desks were disrupted by the strike. The unions are protesting about the contracting out and market testing of government functions.

The Home Office said staff had walked out "in considerable numbers" but services were still provided and the public noticed little difference.

The two unions are seeking assurances from the Home Office that staff will not be made compulsorily redundant and will be protected by employment legislation if services are contracted out.

Bank clerk accused of £6.6m theft

A FORMER clerk with the London offices of Salomon Brothers has been charged with the theft of £6.6m from the US investment bank.

Mr Alexander Darlow, who worked in the back office of the bank's settlement department, was charged with stealing the money on or before May 28. He was bailed to appear at Horseferry Road magistrates on August 12.

British Coal pension hearing ends

THE High Court hearing over whether British Coal can use its half share of a £1bn surplus in a staff pension fund to provide enhanced pensions for employees being made redundant ended yesterday. Mr Justice Vinelott is expected to give his judgment within the next fortnight.

The pension fund trustees have argued that using the surplus in such a way breaches the fund's rules.

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BBC staff survey hits at red tape

By Raymond Snoddy

BBC STAFF members believe the corporation still suffers from a high level of bureaucracy and red tape, and are critical of the organisation's management at all levels.

The negative verdicts came in the most extensive sampling ever of BBC staff about their attitudes to work, the corporation and its management. Nearly 4,900 people - 56 per cent of those asked - answered 150 questions in an survey that cost £25,000.

Staff also made it clear that they believed the BBC operated as "a system of baronies and territories", had a "centralised, top-down, controlling structure that hindered departmental co-operation" and that people did not feel secure in their jobs.

There was also an echo of support for the argument made by Mr Mark Tully, BBC South Asia correspondent, that there was an atmosphere of fear in the corporation with people responding to the questionnaire saying that they did not think it "safe to say what they feel" and did not believe what was communicated to them about the BBC.

Staff were asked to respond to questions on a scale of one to five. Asked to what extent bureaucracy was minimised in the BBC, the score was 1.7.

There was also, however, a much more positive side to the survey which showed that staff were very proud to work for the BBC (3.8) and believed it provided an excellent public service (4.0). Staff believed the BBC is a better place to work than elsewhere (3.4) although

they did not think it operated with the full involvement of all staff (1.8).

Ms Margaret Salmon, BBC director of personnel, said yesterday that such strong negative and positive results were not unusual in organisations going through a difficult period of change.

Staff were also given the chance to say what single thing they would change if they were in charge of the corporation. Only 5 per cent elected to replace Mr Marmaduke Hussey, the chairman of the BBC's board of governors, for Mr John Birt, the director-general. Three per cent wanted to abolish Producers' Choices, the system of total control which also gives producers the right to buy services from the outside market.

Twenty per cent wanted to improve management communication, accessibility, responsiveness and credibility. A further 20 per cent wanted to see more staff involvement and responsibility. The third most popular suggestion came from the 18 per cent who wanted to thin the ranks of middle management and accountants.

Ms Salmon said yesterday that managers would now be meeting with staff to see what action could be taken to meet staff criticisms.

A further survey is to be carried out next year to monitor any improvements.

Mr Tony Lennon, president of Bectu, the broadcasting union, warned yesterday that the BBC was trying to suggest that the main problems were presentational. What staff were saying, Mr Lennon pointed out, was that they did not like what was being done to them.

Banks warned on account charges

By Gillian Tett

NEARLY 40 per cent of customers would close their accounts if banks or building societies introduced charges on current accounts with low balances, says a survey published yesterday.

The survey found strongest opposition to charges from young customers, and those living in southern England.

Although only one retail bank, Abbey National, has indicated that it is considering imposing charges on current accounts, hints that clearing banks might follow suit have provoked protests from consumer groups.

The survey, by the NOP Corporate and Financial research group, questioned 1,066 people, of whom 39 per cent said they would close accounts if banks imposed a 5 pence fee on accounts whose balance fell below £50.

Another 48 per cent said they

would ensure that their account did not fall below this level. Only 9 per cent indicated willingness to pay a charge - primarily because of the effort involved in changing accounts.

Although 65 per cent of customers aged between 15 and 24 said they would close their account if charges were imposed, only 23 per cent of customers over 65 indicated that they would do the same. Forty four per cent of customers in the south said they would close their account, but only 27 per cent in northern England and Scotland.

NOP said the findings should serve as a clear warning of the backlash that financial institutions would face if they sought to impose charges.

Abbey National said: "Every-one is aware of the risk that if you do impose charges you may alienate some of your customers. That is a business decision we have to make."

Intrigue under wraps at MI5

By Alan Pike, Social Affairs Correspondent

THE FASHION for open government yesterday took its toll in that most romantically secretive of organisations, MI5.

Mrs Stella Rimington, MI5 director-general, posed for official photographs for the first time. And for £4.55, the public can buy a 36-page guide to the Security Service from HMSO and good bookshops.

The booklet poses no threat to any of the spy novels also available in bookshops.

The pulse slows when Mrs Rimington announces in her introduction that "details of the service's methods and operations in protecting national security must necessarily remain secret". But Security Service officials say

no contemporary spy novel accurately reflects their work, and recommend the booklet for a more down-to-earth view.

It certainly provides that. The booklet reveals that an important part of the Security Service management board's brief is not the running of agents, but the management of financial resources.

It speaks of resource planning, performance measures and internal audit controls. Being a secret agent, it seems, is like any other job in the modern, financially pressured public sector.

MI5, as it has been popularly known since 1916, employs about 2,000 people. More than half - and a similar proportion of the 340 in the G1 (general intelligence) group responsible for investigations and tasks

such as recruiting agents - are women. Half the staff are under 40 and, while it might not always have been so, Oxford and Cambridge universities contribute only a quarter of recruits.

Some staff enter via normal Civil Service selection processes but, it emerged yesterday, MI5 also places newspaper advertisements for recruits.

It does not advertise under its own name, or declare that the situation is one of secret agent. Intriguing, but officials could say no more for security reasons.

Since last year the service has led the mainland intelligence effort against IRA terrorism. About 70 per cent of work is concerned with terrorism, a big shift in emphasis from the Cold War days.

Mrs Rimington's introduction to the booklet concludes with the message: "Letters should be addressed to PO Box 3255, London SW1P 1AE. All correspondence will be treated in strict confidence and acknowledged."

This is the service's first experiment in soliciting information directly from the public. While not as colourful as burying a note beneath a tree in Regent's Park, it is the closest the booklet comes to the atmosphere of the spy novel.

But, an official stressed, MI5 wants to hear from people only if they have information of a genuine security nature. "Any-one wanting to report a crime should ring the police, not write a letter to a box number," the official said.

'Green' move on oil licences

By Deborah Hargreaves

THE GOVERNMENT is to publish environmental conditions attached to oil exploration licences for the first time, Mr Tim Eggar, the energy minister, said yesterday.

The move came amid growing public concern on the issue. The Department of Trade and Industry said it had received an "awful lot of letters" about the award of licences in the latest offshore oil exploration round. For the first time the government has opened up some environmentally sensitive areas close to shore.

Mr Eggar also imposed strict

environmental conditions on some companies. They include restrictions on activity at certain times when sea birds are mating or moulting.

Environmental groups have been pushing the government to tighten restrictions and even to exclude certain areas from oil industry activity.

Greenspace, the environmental pressure group, called the publication of the environmental conditions "purely and simply a public relations exercise".

Environmental groups may tackle the award of some licences at a European Community level as they believe they could infringe EC conventions.

Automated benefits urged to beat fraud

By Ivor Owen, Parliamentary Correspondent

WIDER USE of automated credit transfer for the payment of retirement pensions and other benefits was urged again by Mr Alistair Burt, a junior social security minister, in the Commons yesterday.

Stressing the contribution the system could make to combating social security fraud - estimated to be in excess of £1bn a year - Mr Burt denied that extending automated payments would pose a threat to post offices.

He reaffirmed the government's wish to maintain a nationwide network of post offices.

Mr Burt gave an assurance that any loss of Post Office business through the use of automated credit transfer would be "more than offset" by an overall increase in the volume of social security transactions over the next few years.

MPs were told that in 1991-92 fraudulent misuse of payment order books accounted for £85m, while a further £16m was lost through the fraudulent encashment of giro cheques.

New technology and the use of bar codes was helping to curb the use of stolen payment order books, and the Department of Social Security was developing plans for fraud-resistant consumer systems.

Mr Burt said new computers had already been installed to help "fraud managers" identify patterns of crime, monitor performance and deploy resources.

He added that while he was striving for value for money in the benefits agency, no firm decision had yet been made about the introduction of market testing in the investigation of fraud.

Mr Keith Bradley, Labour MP for Wiltshire, joined the condemnation of social security fraud, but called on the government to show equal determination in dealing with tax evasion.

Bullish motor talk hides doubt

Commercial vehicle sales are curiously low, writes John Griffiths

UK COMMERCIAL VEHICLE REGISTRATIONS JANUARY-JUNE 1993				
	Volume (Units)	Volume Change (%)	Share (%) Jan-June 93	Share (%) Jan-June 92
Total Market Imports	97,217	-5.18	100.00	100.00
Imports	36,552	-8.58	39.66	34.84
Small vans (up to 1.8 tonnes)				
Total	30,501	-4.17	100.00	100.00
Imports	10,576	-7.12	34.68	18.95
Ford	14,310	+3.82	46.92	42.40
Vauxhall (GM)	9,827	-11.62	31.56	33.51
Peugeot (incl. Citroen)	1,747	+1.63	5.73	5.29
Rover (British Aerospace)	1,552	-39.16	5.09	7.85
Renault	1,432	+7.47	4.68	4.24
Medium Vans (1.81-3.5 tonnes)				
Total	42,784	-6.76	100.00	100.00
Imports	16,364	-8.07	38.25	38.79
Ford	21,807	-6.17	50.97	44.78
Leyland DAF (DAF)	4,284	-42.88	10.01	16.34
Volkswagen	3,077	+4.59	7.19	6.41
Renault	2,342	-10.95	5.47	5.73
Peugeot (incl. Citroen & Talbot)	2,308	-1.33	5.39	5.10
Mercedes-Benz (Daimler-Benz)	2,070	-5.89	4.84	4.78
Vauxhall (GM)	1,913	+3.52	4.47	4.03
Nissan	1,470	-20.20	3.44	4.01
Trucks (over 3.5 tonnes)				
Total	16,059	+6.61	100.00	100.00
Imports	7,449	+24.27	46.39	38.79
Iveco group (Fiat)	4,402	+20.08	27.41	24.34
Mercedes-Benz (Daimler-Benz)	2,898	+15.00	17.86	18.56
Leyland DAF (DAF)	2,765	-25.46	17.24	24.80
Volvo	1,863	-19.27	11.60	10.37
MAN	867	+63.58	5.40	3.52
Renault	582	-9.20	3.62	4.26
Of which Heavy Trucks (over 15 tonnes)				
Total	5,678	+12.64	100.00	100.00
Volvo	1,658	+24.46	29.12	17.30
Iveco group (Fiat)	1,430	+11.44	25.18	13.12
Scania (Volvo)	1,204	+43.89	21.20	10.86
Leyland DAF (DAF)	1,150	-32.15	20.25	22.00
Mercedes-Benz (Daimler-Benz)	1,116	-8.45	19.65	13.36
DAF	821	-4.48	14.46	10.71

*Includes buses and light four wheel drive utility vehicles.
†Renault and Volvo are listed through mainly cross-shareholdings.
Source: Society of Motor Manufacturers and Traders and industry estimates.

commercial vehicles, Mr McAllister suggests, is that much of their demand comes from hard-pressed small traders in the construction industry and consumer businesses.

"If the demand is not there within these sectors, no one is going to invest in new commercials. They will do everything they can to extend the life of what they've got," says Mr McAllister.

Customers have not survived the recession. Of the tens of thousands of small businesses that have failed over the past three years, the majority

would have been van or light truck operators.

Another factor is the reversion of Leyland DAF, Ford's closest rival in the van market, at the start of this year. That may have artificially depressed demand while customers loyal to the marque, including large bodies such as the Post Office, waited to see if it could be salvaged.

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Hype in a downbeat market

AS THE rock groups get ready to plug in their guitars this weekend for the launch of Phoenix, a new open-air pop festival to be staged on an old airfield site at Marston, Stratford-upon-Avon, the nervous promoters will be reaching for their calculators and balance sheets.

Two years of recession has left much of Britain's already volatile pop business sounding decidedly downbeat. And though this latest festival, launched at a cost of £1.2m, seems likely to be a financial success pop pundits fear the emergence of a third weekend festival on the British summer pop music scene could add to promoters' woes.

In the cut-throat world of pop, hard data on the health of the business is elusive. Nevertheless, most promoters admit takings have dropped by at least 20 per cent in the past two years.

Though a few of the bigger promoters have expanded in spite of recession, and the biggest concerts can still realise a turnover of more than £1m in a single night, many of the smaller promoters are struggling.

Audiences have dropped in most venues, from the 2,000 a night ticket club to giants like the 72,000 seater Wembley Arena. But ticket prices have barely risen, after a rapid surge at the end of the 1980s.

Part of the promoters' problem stems from longer-term trends. While the teenage population is shrinking the music scene is becoming fragmented

Nervous pop promoters fear the new Phoenix music festival could add to their woes, says Gillian Tett

and undermined by an increase in home entertainment.

Martin Corrie, press officer for Wembley arena and stadium in London, says: "The actual number of bands performing is not necessarily down, but the tendency is for shorter runs."

"Whereas in the past a band might have played for five nights, now they only play for three nights."

He says Wembley Stadium is staging just four all-day "mega" concerts this year, compared with 13 last year, with a 20 per cent reduction in the number of concerts staged in the smaller Wembley Arena.

Mr Corrie says that like other large promoters Wembley has successfully filled the gap in concert demand by staging non-pop events. Smaller promoters rarely have the flexibility to do this. And with all promoters reporting late ticket sales, the margins are tighter.

Paul Hutton of pop promoters Metropolis Music says: "People have less money in their pocket so they don't decide to go to a show until later in the day. It makes it harder with your cash flows and harder to gauge your advertising."

Metropolis Music promotes about 250 concerts a year at medium-sized venues in London.

Mr Hutton, like most promot-

ers, estimates that he needs to have at least 85 per cent capacity at his venues before breaking even, making him dependent on a last minute surge in ticket sales.

Many in the business insist that the current downturn in audience numbers is natural in a business which is cyclical and open to fashion changes. Indeed, the success of the huge Glastonbury Festival earlier this summer has left some believing that the worst of the recession in the pop business is over.

"If you've got the right bands you can still make money," says Paul Waldren of the Flying Music company, which is gearing up to promote Prince at Wembley next month. "It's just a question of picking them."

But with more and more festivals on the scene, some promoters believe bands and audiences are being spread too thinly. Consequently it is harder for the smaller club venues to compete - not least because festivals are often more lucrative than tours for the bands.

David McLean, of River Man, promoters of small London club venues, says: "The festival make it harder for the smaller clubs, because the bands end up playing there. And if you've got 18 bands playing in one place, a lot of

the fans will think that's better value too."

Some promoters have responded to audience uncertainty by moving up-market. Wembley Arena promoters have, for example, planned future business around the over-thirties. It believes this audience will still attend concerts - many of the big bands promoted over the past year are names familiar from the 1970s.

Upgrading Wembley Arena's facilities recently cost £50m - with extra toilets, sound systems, merchandising stalls and upmarket catering installed.

Danny Betesh, of Kennedy Street Enterprises, also believes that it is the older fan who could sustain the business. "The older audiences tend to have higher disposable income," he says, adding that one of his most successful events in recent months was a "Solid Silver Sixties tour".

Others fear this growing conservatism could backfire on the industry. Mr Chris Lysett, head of live music on BBC Radio 1, says: "There's not a lot of new stuff coming through. The bands that emerged in the 1980s have all rather fizzled out."

The Phoenix organisers, who expect an average audience age of 17, insist there is still a market for new bands - like Pop Will Eat Itself and New Fast Automatic Daffodils.

Nevertheless, as a sign of the times, the festival is hedging its bets and offering jazz and Shakespeare shows along with the more upbeat music.



Vince Power: claims his London pop venues and festivals business is now worth more than £8m

Pop's Mr Power aims to make the business pay

By Gillian Tett

ONE of the most controversial music figures at this weekend's festival will be Mr Vince Power, its promoter, whose name does not appear on a single billboard.

While many pundits bewail the death of youth pop, Mr Power, 46, is intent on showing that he can make the business pay, in spite of the recession.

His rise on the music scene has been slow but steady. After opening his first venue, the Mean Fiddler, in Harlesden, north London, 12 years ago he has quietly expanded to control seven of London's most

fashionable venues and 11 UK festivals. Mr Power now claims that his Mean Fiddler organisation is one of the biggest in the business and worth more than £8m.

One London rival says: "It's getting like a monopoly. The bands playing at his festivals now get deals to play only at his venues, which means the others can't compete."

Mr Power's decision to launch Phoenix this summer was one of his more risky steps.

As he admits, the festival was triggered more by politics than financial planning - when Mean Fiddler lost control

of the Reading Festival last year, he launched Phoenix as a spoiler. Since then, Mean Fiddler has regained control of Reading, so it has the problem of promoting two rival venues in the same month.

"We were shafted over Reading so I wanted a festival of my own," says Mr Power. "But now we're doing both, there is definitely room for it."

The signs are that most of the 25,000 tickets for the Phoenix Festival will be sold at £55 a head, with another 15,000 day tickets on top. Repeating the trick at the 35,000-ticket Reading Festival three weeks later could be considerably harder.

Full Sellafield inquiry possible

THE GOVERNMENT has not ruled out a full public inquiry into the Thorp nuclear reprocessing plant at Sellafield, Mr Tim Yeo, environment minister, has said.

The second round of public consultation due to begin soon does not mean a subsequent inquiry will not take place, he told Greenspace, the environmental pressure group.

The consultation is likely to delay a decision on the future of the £2.8bn plant until November, but any inquiry could take more than a year.

British Nuclear Fuels has protested against delays for further consultation, which it says cost it £2m a week.

High coal stocks are criticised

BRITISH COAL has been unable to win new contracts because of the "high levels" of stocks held at power stations and improved performance of nuclear energy, Mr Andrew Horsler, the corporation's marketing chief, said yesterday.

Talks with the main power generators in England and Wales have not led to extra sales in spite of a "very competitive" offer, Mr Horsler said. The high level of coal stocks were a key factor in the generators' decision to buy just 40m tonnes from British coal in each of the next four years.

New bond auction

THE Bank of England is to hold its next auction of government bonds on July 28. The bank said the gilt to be auctioned would have a maturity of between five and eight years. Details of the auction will be released on July 20.

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Changeable forecasts

HOW GALLING it has been, trudging through the puddles of damp and drizzly London this week, to remember that only a fortnight ago the capital was bathed in sunshine at the climax of the first weather-uninterrupted Wimbledon fortnight in more than a decade. Might the current optimism about the pace of economic recovery change as fast? This week's economic news certainly suggests that the rays of economic recovery are warming up. But it is still too early to forecast that the economy is set fair for a sunny August.

Forecasters in the US certainly try harder, and often seem to do a better job of forecasting trends in its weather than UK weather-watchers. The scale of the devastation that floods are currently causing in the US Midwest helps explain why this predictability is important. But the size of the US economy, and the relatively small role played by international trade, also suggest that American economic forecasts should have an easier time than their UK counterparts.

Not so, US forecasters remain baffled by the corrugated nature of the recovery and bemused by the failure of some consumers and businesses to rid themselves of excessive debts, while others decline to take advantage of low interest rates. Two weeks ago, figures appeared showing that manufacturing orders and business confidence had fallen sharply, while manufacturing employment was down in June for the fourth successive month. This week, it emerged that retail sales and consumer spending picked up last month, but that industrial production fell by 0.2 per cent in June.

UK buoyancy

UK economists, by contrast, are buoyant following the news that manufacturing output rose by an unexpected 1.8 per cent in May. Yet the recent US experience cautions against calling a sustained recovery too soon. For while the British economy is, at last, benefiting from levels of interest rates approaching those that the US Federal Reserve was able to deliver from the beginning of the US downturn, UK consumers and businesses remain at least as burdened by debts as their US counterparts.

Moreover, recent UK economic indicators remain as erratic as those in the US. The Nationwide building society says house prices rose in June but the Halifax says they fell. New car registrations rose in June, but a recent survey from Gallup and BSL showed that consumers in the south of the country believe their financial position to be deteriorating. The government's narrow monetary

aggregate is strong but broad money growth remains depressed. The annual rate of retail price inflation is at its lowest level for nearly 30 years, but average earnings growth in manufacturing remains unsustainably high.

Most puzzling has been Britain's labour market. Last month, registered unemployment fell by 8,000, the fifth successive monthly fall and an unprecedented event at this stage of a recovery. In spite of assiduous research, compelling evidence has yet to be found that the government has fiddled the figures. But the Department of Employment also reported that total employment fell in the first quarter of this year, by 25,000 jobs, while manufacturing employment fell a further 15,000 in May.

Apparent contradiction

One reason for this apparent contradiction is that many people, predominantly women, do not qualify for unemployment benefits and thus simply disappear from official records when they lose their jobs. In an economy with a lot of female, part-time employment, less generous benefits and fewer restrictions on hiring and firing, movements in unemployment rates miss a lot of the action because they do not catch people who move quickly into and out of the labour force. This is why US economists watch more carefully changes in employment than unemployment. The UK is now much more like the US than it was a decade ago in all these indicators of labour market structure.

The shifting pattern of UK employment over the past year may also explain why the unemployment rate has been falling this year. Employment dropped by 132,000 in the first half of last year even though the decline in output had already stopped. It then tumbled by a further 477,000 in the second half of last year as the economy was gripped by the trauma of Black Wednesday. But retail sales and output did not follow suit, thus delivering substantial productivity gains to manufacturing employers. One by-product has been that companies feel they can afford to offer smaller workforces ever higher real wages, a practice which cannot continue indefinitely.

Employment has since fallen at a sufficiently slow rate to allow the registered unemployment count to follow suit, suggesting that employers may have concluded that the autumn job-shedding went too far. But it would be dangerous to put too much faith in falling unemployment as an indicator of future economic trends. Economic recovery may well be here, but it is worth keeping a close eye on future movements in employment levels.

The story of Volkswagen and Adam Opel has taken on all the characteristics of tales in the life of a circus: a rich mix of escapology, vanishing acts and fire-eaters among the side-shows. On Thursday this week the waiting audience was offered a tantalising glimpse of the show when a handful of the players appeared in a Hamburg courtroom.

The occasion was a bid by the weekly magazine *Der Spiegel* to extricate itself from a muzzle fitted by the court at Volkswagen's request. This was to stop it publishing further allegations of industrial espionage against the company's new production director, Mr José Ignacio López de Arriortúa, and some of his colleagues who followed him to VW from GM.

Mr López was out of Germany. He, his colleagues and VW were represented by a single lawyer. The magazine was backed by more than 20 witnesses, four from the US, all of them from General Motors, prepared to back allegations and their affidavits with testimony.

GM and Adam Opel, its German subsidiary, which have initiated criminal investigations in Germany and the US on the basis of their suspicions that Mr López and his team stole confidential information before defecting to VW in March, were not directly involved. The witnesses had come voluntarily, officials stressed.

The effect was that of a hall of mirrors, the GM troupe flashed in and out of view in the courthouse corridors, for once with nothing to say to the media. There were glimpses of Volkswagen's case: extracts from affidavits muttered by the company's lawyer. From the outset, VW has steadfastly refused to answer questions on the accusations of industrial espionage. But the Hamburg hearing, a sideshow to the main event – the direct clash between VW and GM – offered startling insights into the core of the US group's legal case, and uncomfortable reflections on Mr López.

Ms Toni Simonetti, formerly an aide to Mr López, testified he had dictated to her a fulsome speech – a proclamation of "love" for GM and its people, intended as his explanation for staying in Detroit despite the lures of Wolfsburg, where VW has its headquarters. Mr López has repeatedly and formally denied he had anything to do with the speech. Ms Simonetti picked her way through her notebook: "When I communicated position to leave to my staff they cried. That broke my heart," she read. "He meant heart... this was broken English."

Ms Simonetti may have noted "overheard" comments, Mr López's lawyer offered on his behalf. No, said Ms Simonetti, Mr López had made final adjustments to the speech on the morning of March 15. But he was not there to read it, as planned, that afternoon. He had disappeared only to turn up the next day as production and purchasing director of Volkswagen.

The circus stopped in Hamburg this week after a journey which has so far lasted almost 16 months. It started last spring in a small way as Mr Carl Hahn, then-chairman of Volkswagen, Europe's biggest car maker, began searching for his successor. He was to retire in December at what was to prove a grim moment in his career.

Having taken over SEAT in Spain, Skoda in Czechoslovakia, and setting up an assembly plant in China, all during the 1980s, he had built an impressive-looking international group. But the structure was rickety. Earnings evaporated. In the

Allegations of industrial espionage are flying from GM to VW in a long and twisted tale, writes Christopher Parkes

Tricky feats at the top



Volkswagen's José Ignacio López de Arriortúa: he and several colleagues switched loyalties from General Motors

first quarter of this year, after an 87 per cent profits plunge in 1992, the Volkswagen group showed a DM1.25bn deficit.

In March last year, Mr Hahn approached Mr Louis Hughes, then-chairman of arch-rival Adam Opel, offering him the top VW job. Mr Hughes refused then and again a month later. Shortly afterwards, he was appointed head of GM Europe.

The job of VW chairman fell to Mr Ferdinand Piëch, head of the luxury car division, Audi. Although not at the time a member of the group's main board, he was respected for his technical skills and building the Audi brand into a fitting, though still small, rival to BMW and Mercedes-Benz. A grandson of Ferdinand Porsche, the man who developed the VW Beetle, he had, they say, "petrol in his blood".

Even before he took charge at VW, Mr Piëch was in talks with Mr López. He had found a soul mate. Like him, Mr López was a brilliant engineer who wanted a robust European motor industry, led by VW, able to repel Japanese. But while Mr Piëch was a cool Austrian, and vastly rich through his Porsche family links, Mr López was a volatile Basque of more humble origins, driven by ambitions for political influence in his homeland. At the

time, the only apparent difficulty was that Mr López worked for General Motors. In tribute to his achievements in cutting costs at Adam Opel, mainly by squeezing price cuts out of parts suppliers, that he had been moved to Detroit to work his restorative magic on the ailing GM parent last year.

The circus, an overlapping succession of bizarre events, was about the start. The two men had met secretly before Christmas, then again in the new year. They deny anything was agreed then, although they have since agreed on how they came together: through an intermediary, not as Mr Piëch told this newspaper last month, through a direct approach from Mr López.

In late February, officials of the Lower Saxony government, VW's largest shareholder, let it be known that Mr López was formally to be inducted as a VW director on March 16. GM, meanwhile, which had already tried to "buy" him back by promoting him to group vice-president and global purchasing chief, confidently announced: "He is happy here and is staying here."

On March 7 he flew to Frankfurt for a two-day meeting of GM's international strategy board, where, according to Mr Jack Smith, group president, all future products were

to be discussed. These include a new Astra, Opel's rival to the Golf, and a top-secret cheap mini-car. Some of the new models, as emerged in Hamburg on Thursday, were on display, including the successor to the Opel Vectra. Mr Smith: "This was major stuff."

Mr John Howell, director of business planning at GM Europe, told the Hamburg court that on March 5, the first day of the meeting, after two long presentations, Mr López and other directors asked for copies of the papers presented there. Mr Howell said he "specifically remembered" giving Mr López a sheaf about 2cm thick. Mr López has formally declared that he remembered asking only for four or five charts – all relating to a secret new plant project for GM, known as Plateau 6, on which he had worked for 18 months. None of the documents has since been found, GM says.

It was at this strategy meeting that Mr López learnt that Plateau 6 had been earmarked for Hungary – if it was to be built – not his native Basque country, even though it is understood he had arranged a deal with a local consortium to pay for and construct the building.

It was also at the meeting, he said last month, that he lost his enthusiasm for GM. He resigned two days

later, on Thursday March 11. The next Sunday, he was back on board at GM. Press officials announced he would give a press conference at 1pm on Monday March 15.

According to Ms Simonetti's testimony, he dictated the outlines of his "hello again" speech to her on the Saturday evening. According to her notes: "One of the issues was the (Plateau 6) advanced manufacturing concept... we're confident it can work... compensation was never an issue... stronger level of commitment with regard to the plant in Spain... we must match very good offer from VW."

After amending a final draft on the Monday morning, he vanished and was appointed to the VW board the next day.

Alarm bells rang in Detroit. An immediate search of his office failed to turn up secret documents, including the 2cm wad Mr Howell said he had handed over to him. A search on March 17 of offices occupied by Mr José Manuel Gutiérrez, Mr López's closest colleague, for details of a top-secret diesel engine allegedly in his possession (formally denied by Mr Gutiérrez) was also fruitless. Mr Gutiérrez, on a GM business trip to Japan on that day, also failed to return to Detroit.

But it was not until March 24 that GM revealed the scale of VW's coup: as well as Mr Gutiérrez, in charge of machinery buying, Mr Hugo van der Auwera, metals purchasing, Mr Francisco Garcia, electrical parts buyer, and Mr André Versteeg, a more junior buyer, had flown the coop. Two Adam Opel staff, Mr José Alvarez and Mr Ramon Piazza, had also elected to join their former boss in Wolfsburg. The searching began again.

On April 2 Opel won a court order barring VW from trying to lure more of its key German staff. The company claimed that about 40 had been approached. Some had been called by Mr López and offered doubled salaries to defect. However, Opel later failed in a bid to win an injunction preventing its former employees for working at VW for a year. The court ruled that Mr López's "charisma" had been responsible for their leaving.

On April 30, German prosecutors began investigating GM claims of industrial espionage, despite claims from VW that none of its new employees made off with secrets. Mr David Herman, new head of Opel: "All we know is they had them. We don't have them. If they don't have them, then where the hell are they?"

A partial answer emerged earlier this month when state prosecution officials discovered four large boxes of papers – including details of the top-secret O-car, the vehicle to be built in the projected Plateau 6 plant – in a Wiesbaden apartment with the names J. Alvarez and R. Piazza on the doorbell.

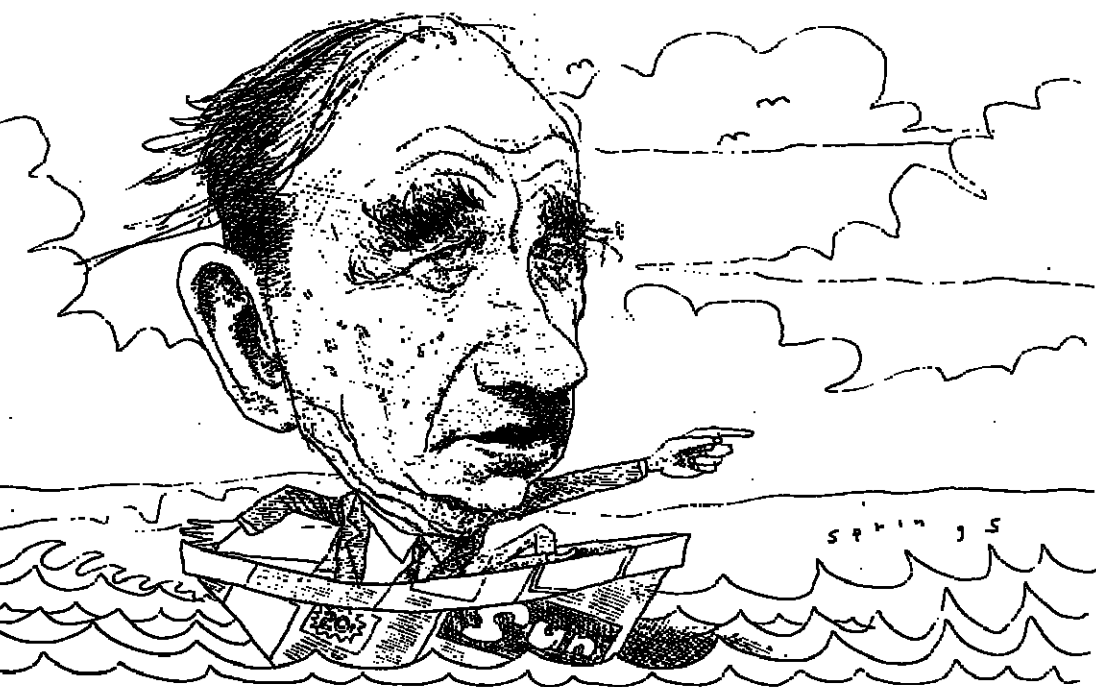
VW remains inscrutable, insisting none of its new employees have any GM documents. Last Thursday, after the Hamburg judge said he would issue a ruling on the *Der Spiegel* case, VW's lawyer challenged the confidentiality of the disputed documents, although he has not seen them. He asked why it should be unusual for senior executives to have secret information.

Yet there is no mistaking the mounting anticipation in the GM team. They are convinced that investigating prosecutors at last have something in to which to sink their teeth. Moreover, they feel it is nearly time for the ringmaster to bring out the lions.

MAN IN THE NEWS: Rupert Murdoch

Pushing the boat into calmer seas

Raymond Snoddy on media manoeuvres



Wall Street observers note that, after three years of doing little but run existing businesses, Murdoch is on the hunt again

Glory – but the holiday followed a period of frenetic activity.

Within a matter of days, he achieved near total victory in regaining the New York Post; launched a cut-price campaign designed to revive the flagging sales of *The Sun*, which galvanised the popular newspaper market in the UK; and bought 50 per cent of a record distributor in Australia. For good measure, News Corporation is also involved with several Australian television channels and Australia Telecom, the national telecommunications network, to launch pay television in the country.

While all that was going on, a much slower poker game continued – Murdoch was trying to play the right diplomatic cards to remove the regulatory barriers to his 22 per cent stake in Television Broadcasts,

one of Hong Kong's commercial television stations.

"All of this means that Murdoch is out of jail," said one News Corporation watcher in a reference to the miss-three-turns penalty in the game of Monopoly.

The nature and size of the deals and initiatives taken by Murdoch recently, and the way in which they were done, give considerable clues to his present business priorities. They come at a time when News Corporation, with interests ranging from Twentieth Century Fox film studios to ownership of five national UK newspapers, is largely free from the financial constraints that brought the multi-media group to its knees three years ago.

"We are not rushing to expand. This is all just normal business. This is the 1990s. In the 1980s the banks threw money at us. That's all finished now," said Mr Gus Fischer, chief operating officer of News Corporation, and one of those minding the ship while Murdoch sails his boat. The top team, which increasingly runs the business on a day-to-day basis, includes Mr David DeVoe, News Corporation's finance director, and Mr Arthur Siskind, general counsel.

Wall Street observers note that, after three years of doing little but run existing businesses, Murdoch is on the hunt again. Rather approvingly, they note that the deals are relatively small and measured and that there is no sign of the mega-acquisitions of the past, such as the multi-billion-dollar purchase of TV Guide.

Perhaps the most telling indication of his current motives is Murdoch's return to New York to save the 192-year-old Post newspaper, which he owned until 1988.

In strictly business terms it is probably imprudent for Murdoch to try to buy back the ailing Post. Unless he can force the rival Daily News out of business, or take it over at some later date, it is difficult to see how the paper can ever make money.

The symbolic importance of rescuing the Post is great, however. Murdoch was forced by US regulations on media ownership to sell the Post to keep his New York television station. He would be happy to

be back in the New York swim, having talks with allies such as New York governor Mario Cuomo.

"He was really full of beans when he turned up in the newsroom," said one New York Post journalist.

Murdoch is reported to have bought an apartment again in the city, and has even involved himself in contentious local issues, such as whether the New York Yankees baseball team should be allowed to move to New Jersey because their

Bronx home is in too violent an area.

Murdoch has even been reported to be in talks with Yankees owner George Steinbrenner about the possibility of helping to build a covered stadium which would contain television or film studios. They would call it Fox Plaza.

But strict business limits have been applied to the plans for the Post. Last Friday, when Murdoch was completing a week of meetings

in London – the longest period he has spent in the UK this year – the decision was taken to abandon the deal. The unions would not agree to cost-cutting of \$6.2m. By Monday the unions had agreed to the concession.

News Corporation insists that the deal will only go through if there is a chance that the paper can break even, despite the pleasure it would give Murdoch to run a newspaper in New York again. Tough negotia-

tions with the paper's creditors are now likely.

While the Murdoch management was walking out – temporarily – from the Post, Murdoch was putting his imprimatur on the controversial plan to cut the price of *The Sun* by 5p to 20p for the summer. The proprietor has become convinced that popular UK newspapers have become too expensive, particularly in a recession.

It is too early to judge the success of the experiment, which is seen in News International, Murdoch's UK subsidiary, as giving the readers back some of the promotional money that would otherwise go to the ITV companies on television advertising. The first signs are that *The Sun* is selling about 8 per cent more copies, and that the Daily Mirror is not, so far, being damaged, even though it is now 7p dearer. Total sales in the popular newspaper market have risen by about 2 per cent.

Evidence would suggest that the newspaper market is not very price sensitive. Mr Harry Henry, in his *Dynamics of the British Press*, found that between 1961 and 1984 the cover price of newspapers doubled in real terms, while the number of copies sold fell by only 15 per cent.

Murdoch and his senior managers will be watching to see whether the same trend holds true today. If *The Sun* were to lift its circulation well above 4m from its present 3.6m, the experiment could be extended beyond the summer. If the increase in sales stays at its present 8 per cent, there is a good chance of a possibly counter-productive price "rise" for *The Sun* in September.

At the same time as they were looking at *The Sun*'s circulation in the UK, Murdoch's men were making a record deal in Australia this week. Though small – \$34m for a 50 per cent stake in Mushroom Records, Australia's largest independent record distributor – it is a ration intends to expand into every corner of media "software".

But the biggest prospects of all are not in London or Sydney, but in Asia, in China in particular. Last month Murdoch announced that News Corporation was paying

\$238.8m for a 22 per cent stake in Television Broadcasts in a venture with the company's controlling shareholders, Sir Ron Run Shaw and Mr Robert Kuok.

However, he asked the Hong Kong regulatory authorities to defer a decision on his bid because he feared it was going to be turned down – he already owns the South China Morning Post – and because of uncertainty about the attitude of the Chinese government. But it has emerged that he has not given up on the deal, that more detailed work on it is now being carried out, and that if necessary he will fly to Beijing for talks with the Chinese leadership about his Asian ambitions. In the past Murdoch has been adept at finding a way round or over regulatory hurdles.

One further venture attracted his attention last week. In London, he was able to catch up with the progress of what started out as an outrageous gamble – British Sky Broadcasting.

'He was really full of beans when he turned up in the newsroom,' said one New York Post journalist

On September 1 the satellite venture, in which Pearson, owner of the Financial Times, holds a substantial stake, will create a subscription package of at least 14 channels. From then, only those who pay a monthly subscription will be able to watch – with the exception of Sky News, the 24-hour-a-day news channel which will go out all over Europe.

If the gamble works and BSkyB does not lose too many of its viewers – at the moment it is available in more than 3.5m homes through cable and satellite dishes – the move will create growing subscription revenues for Murdoch.

As he relaxes this weekend on the deck of Morning Glory, there can be little doubt that from New York to London, and Sydney to Hong Kong, Murdoch is back with a vengeance.

Stretched to breaking point

Is the UN falling apart? If so, says Edward Mortimer, it is because its members expect too much



Under fire: the UN is under increasing strain as it tries to impose its authority in three continents

Iraq's defiance increases threat of UN attack. "UN to maintain Somali action despite bloodshed." "Nato will use jets in Bosnia to protect UN's peace troops."

Every day this week, the same two letters - UN - have leapt out at us in the newspaper headlines, as the United Nations has struggled with three crises in three different continents. In each case the world body was either using or threatening the use of military force, in an increasingly desperate attempt to impose its authority on recalcitrant warlords. And in each case there were visible strains on its cohesion, as leading member governments argued among themselves, and with the secretary, over the course of action to be pursued.

In Iraq, the unity of the Security Council in taking a firm line with President Saddam Hussein was damaged last month when the US took unilateral action, bombing Baghdad in retaliation for an Iraqi attempt to assassinate ex-president George Bush. Last weekend, when a UN inspection team abruptly left Baghdad after being refused permission to seal off two missile testing sites, the UN's European allies feared they were about to be bounced into a new UN-led air attack. In the event the Council sent Mr Rolf Ekeus, head of the UN special commission on Iraq's weapons of mass destruction, on a further trip to Baghdad to try to defuse the crisis.

Meanwhile the spotlight

switched to Somalia, where US helicopters serving with the UN force bombarded a "command centre" used by General Mohammed Farah Aided, a Somali warlord who has been defying UN orders to disarm, and has ordered attacks on UN troops. The US claimed only 13 Somalis were killed in the attack, but the International Committee of the Red Cross gave a figure of 54, while General Aided's supporters produced a videotape showing scores of bodies. Four foreign journalists were killed by a mob seeking revenge.

Italy, one of the main contributors to the UN force, called for a suspension of combat operations and a reconsideration of the "overall objective", and warned that it would withdraw its troops if differences over the conduct of the operation could not be resolved. Mr Kofi Annan, the UN undersecretary-general in charge of peacekeeping operations, responded by announcing that the UN had demanded the recall of the Italian commander, General Bruno Loi, who was said to have taken orders from Rome instead of from the UN force commander, General Civek Bir. Yesterday the Italian government bluntly refused to comply with this demand,

declaring that General Loi enjoyed his full confidence.

But if the UN was embarrassed by the threat of European troops pulling out in Somalia, it was scarcely less so by the offer from seven Islamic countries to send troops into Bosnia-Herzegovina. The existing, mainly western contributors have conspicuously failed to send enough troops to

defend the UN "safe areas" for Bosnian Muslims. Yet they fear that the arrival of up to 10,000 soldiers from other Muslim countries, including 10,000 from revolutionary Iran, would only exacerbate the conflict, pitting Muslims against Christians on an international scale. The UN is expected to accept an offer from Nato to deploy ground-attack aircraft over

Bosnia, which may add some credibility to the safe areas plan. But it could be further embarrassed by the fact that these aircraft would not be mandated to act directly in defence of the beleaguered Muslims, but only to protect the UN's own ground forces. The danger of a Somali-style escalation, with the UN point out that many Somalis

blood feud with local forces and the humanitarian objective being pushed into the background, is obvious enough.

Coincidentally, this week also saw the publication of a report from the foreign affairs committee of the British House of Commons, criticising the ill-thought-out expansion of the UN's worldwide military role, and in particular the way the UN operation in Bosnia is being transformed from peacekeeping to enforcement, with no clear understanding of the different principles involved.

Bosnia, Iraq and Somalia are by no means the only crises the UN is currently involved in. It has had its successes in recent years, notably in bringing peace to El Salvador and Namibia. Its most conspicuous recent failure was in Angola, where civil war has resumed after last year's UN-supervised election. Observers are now holding their breath to see whether the same will happen in Cambodia.

The Angolan experience partly explains the tough attitude UN officials are taking towards the warlords in Somalia. It shows, they believe, the absolute necessity of disarming the factions if any peaceful solution is to stick, and they point out that many Somalis

have supported the action against General Aided.

Yet the results have appalled many old UN hands. Sir Brian Urquhart, UN undersecretary-general until 1986 and regarded as the main architect of the UN's traditional peacekeeping role, winces at reports of UN "retaliation" in Somalia. "That would have been inconceivable in my day," he says. "Nobody's thought out what the nature of the UN's activities really is." This time was echoed in a New York Times editorial on Wednesday: "The United Nations is a peace organisation. It should not be gunning down Somalis from helicopters, no matter what warlord they support."

UN officials argue that this line of criticism reflects nostalgia for the cold war era, when the UN was limited to relatively straightforward peacekeeping operations, usually in interstate conflicts where the parties had already agreed to cease fire. The Somali operation, they explain, is the first of a new type, with an explicit mandate under Chapter VII of the charter, the part that refers to "enforcement".

Sir Brian concedes this. "Yes, they've gone beyond peacekeeping," he says. But they haven't changed the method. The result is that com-

mand and control are now disintegrating, with national contingents taking orders from national governments." To avoid this, he has revived a proposal made in 1948 by the UN's first secretary-general, Trygve Lie, for a volunteer military force to be recruited directly by the UN and "placed at the disposal of the Security Council". He believes such a force could be sent in quickly, for instance when the Council orders a ceasefire, to show that the UN is serious. But since the force would necessarily be small, and could hardly be deployed in more than two or three parts of the world at the same time, it is not clear what the next move would be if its arrival failed to have the desired effect.

What is clear is that, apart from inevitable blunders through lack of experience, the UN is above all the victim of the expectations vested in it by its members, in a world pulling away from the UN's pullulating with local conflicts and no longer disciplined by great-power rivalry. Most of these conflicts are more domestic than international. Few can be solved without the military defeat of the warlords, the imposition of peace by external power for a prolonged period, and the use of that period to rebuild social and political structures.

That is a process closely akin to old-style colonial government. The UN at present has neither the machinery nor the resources to undertake it; yet that is the task that it is being progressively pushed into.

Life's a beach when the water's dirty

Bronwen Maddox on a row over EC standards

Angry Blackpool hotel managers this week accused Brussels of double standards, following the ruling by the European Court of Justice that the resort's beach fell below EC standards. "They have far bigger problems abroad, where they have sewers running into the streets, but we always get the brunt of it," said Mr John Donovan, secretary of the 1,300-strong Blackpool Hotel and Guest House Association.

The ruling has touched a nerve in Britain, against a background of national unease about the extent of Brussels' influence. It has also inflamed a simmering row about whether EC water standards are unnecessarily high. The day before the Blackpool judgment, Orwat, the UK water industry regulator, argued that the UK should ask for more time to meet EC rules to slow down the rise in customers' bills.

The controversy is likely to be long and emotive because the EC directives on bathing and drinking water and on the treatment of waste water from towns have been among the Commission's most popular measures - until the costs of compliance began to be clear. They stipulate the maximum permissible levels of bacteria, chemicals and minerals that can be present in drinking water and at designated bathing beaches, and standards of sewage treatment. Among other changes, they have forced Britain to agree to stop piping untreated sewage into the sea by 1998.

But the investment needed is high. The UK water industry has embarked on an investment programme that could top £45bn this decade. The consequence, Mr Byatt points out, is that customers' bills will rise much faster than the rate of inflation.

The UK government, responding to public concern about bills, has complained that many other EC countries

are not making the same effort. It points out that court actions on beach standards are pending against all other member countries except Denmark, and that the UK's vigorous pressure groups precipitate more legal actions than those in other countries.

However, the European Commission this week rejected Mr Byatt's call for more time. It said the EC directives on urban waste water had been agreed by all EC countries, and that some of the poorest had started implementing it.

The Commission also joined with environmentalists in telling the UK government to make water polluters pay more. Mr Andrew Lees, campaign director of Friends of the Earth, the pressure group, said: "Mr Byatt poses a false choice - allowing pollution on welfare grounds. If you want to meet a social objective, such as helping poorer households with high water bills, you should do it through welfare not environmental policy."

The Commission acknowledges one element of the UK's complaint: the lack of comprehensive and comparable data. Mr Tim Yeo, environment minister, said: "There is no way to compare the excellent quality of our drinking water with other countries." The Department of the Environment argues that no other member country has the equivalent of the Drinking Water Inspectorate, set up in 1990 to ensure that water companies meet regulations.

The inspectorate, which will produce its third report at the end of the month, found last year that 88.7 per cent of companies complied with national

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Julian Nicholson, Wyke College, University of London, Ashford, Kent, TN25 5AH

The line from there to here

From Lord Kingsdown. Sir, I have always felt that I should take note of the commentary of the Financial Times, but if a vital direct ancestor of mine died childless (Observer, "Title tattle", July 15), I feel singularly ill-equipped to do so.

The first Lord Kingsdown was in fact my great-great-grandfather's elder brother.

And perhaps I could add there is a third Kingsdown in Kent, whose church, reconstructed by my collateral ancestor (sic) with the assistance of Pugin, I can see from this house, which has always been my home. Kingsdown, Torry Hill, Sittingbourne, Kent ME5 0SP

The venue was the 350-year-old Englefield Estate in the royal county of Berkshire. The players were members of Lloyd's of London and the Stock Exchange. The game was polo.

Wednesday's match marked the pinnacle of the corporate sporting year, offering a lavish display of money, skill and snobbery. Yet one element was missing: influence.

Once upon a time, a polo tournament would have been a golden opportunity for anyone wanting to make friends and influence people in either market. But this year the Stock Exchange could not even find four suitable players, so that half of those on its side had never seen the inside of a dealing room.

Sport is no longer a sure means of career advancement. There was a time when to be in the rugby First Fifteen at a private school would mean you were never out of a job and when being the star of the company golf team would improve your chances of promotion. These days most companies like to think they promote people on merit and sports teams have become so competitive that many have gone outside the company to pick their best players.

Even at the Bank of England, which has one of the finest private sports grounds in the UK, things have changed. Robin Leigh-Pemberton (now Lord Kingsdown), the former governor who has a cricket pitch in his own back garden, was taken aback when his Governor's Eleven (culled from the great and the good among his chums) played the Bank's first team. He found that the captain of the Bank's team did not even work there. Now the Bank's club has a commercial manager and outsiders are welcomed as members.

Yet this does not mean that ambitious thrusters should spend less time on the playing field and more in the office. There is a link between sport and business success, although it is more circuitous than is often thought.

A Financial Times survey of top British businessmen reveals an overwhelming preponderance of sports enthusiasts. All but two of the bosses of the 30 constituents of the FT Ordinary Share Index list sport among their recreations in Who's Who. Only Colin Southgate of Thoro EMI and Allen Sheppard of GrandMet prefer pruning the roses to throwing, kicking or hitting balls.

There are plenty of famous sportsmen who have made it in business. Tony O'Reilly, president of Heinz, was an Irish international rugby player, while Jan Leschley, chief executive designate of SmithKline Beecham, used to play tennis at Wimbledon. Allan Murray, managing director of Ivory & Sims, Scottish fund managers, was a professional footballer and Norman Sansom, head of McKinsey, used to be an inter-

national rugby referee.

So does sport help to open doors in business? Or are the sort of people who are good at sport also likely to make good businessmen?

Yes to both, up to a point.

Christopher Rodrigues, a Cambridge rowing boss who is now chief executive of Thomas Cook, denies that his rowing helped him get a job. He admits, however, that "fellow blues will answer each other's phone calls. Having a blue tells you who to talk to."

Much more important, he says, is that anyone with a blue has a "demonstrated ability to deliver and they also know how nice it is to win". It is this ultra-competitive streak that best explains the link between sport and business. One keen golfer says you can recognise big businessmen a long way off on the golf course. "They are very, very determined. The act of winning gives them a rare degree of satisfaction and pleasure."

In sport organisations it may help to be a hearty. "How you perform within the culture is what matters. Like-minded people tend to perform better," says Lenny Kristal, an occupational psychologist.

Barry Dignan of Hanson Green, a specialist headhunter for non-executive directors, says that, in extreme cases, a sporting bent could be a pre-requisite for employment.

At Johnson Fry, the small merchant bank run by Charles Fry, son of famous cricketer C.B. Fry, "someone who was not a cricket enthusiast might not last long", he says.

So, which sport should hopefuls take up?

The FT survey shows golfers in a strong majority, with tennis players coming a distant second, and behind them, yachtsmen. The fact that some 60 per cent of top businessmen play golf suggests the course and the clubhouse must present formidable opportunities for networking. A survey published last

week by Hyatt Hotels and Resorts found that a third of golf-playing businessmen said they had made some of their biggest deals on the golf course.

Golf is not a universal passport, however. At Freshfields, the London solicitors, employees face a tough challenge if they are to keep up with the senior partner. John Grieves started to run the London marathon in the 1980s and, since then, six or eight colleagues have started doing likewise. "This has no relevance to career at all," Grieves insists. "If you are fit, your energy levels are higher, you have more enthusiasm and drive."

More way out still are Sir John Harvey-Jones and his donkey racing and Alan Lewis, the Yorkshire wool baron, who is a black belt at Karate.

The career-enhancing opportunities of many sports may be limited, as is that of the "work-out", which is gaining in popularity among younger managers.

In the modern company, sport is seen not as a way of building team spirit, but of building personal fitness. According to Nigel Whitaker, a director of Kingfisher who is frequently to be found in the gym of his local sports club: "It is not a networking matter. I take exercise because I find physical fitness helps mental alertness." With the same aim in mind, Geoff Mulcahy, chief executive, plays a fierce game of squash nearly every day.

Whether it is golf or something more obscure, sport may present a problem for women trying to make it in business. A young woman who recently joined a City merchant bank was taken aside by a male director and told to do everything that the others did: play squash and go on the company skiing holiday. She did not follow his advice and is no longer with that company.

According to Rhiannon Chapman of the Industrial Society, it is not just a question of playing sport but being able to talk about it. "Quite a lot of corporate hospitality is around sport, golf, car racing and football. Unless you are known to be interested, you won't get invited to the right function."

Yet sport is not always a winner in business: a headhunter was told recently by Fairclough Builders, a British construction company, to find a manager with a golf handicap of at least 24, as it did not want to employ someone who spent the whole day practising his swing.

Neither are all big sportsman-turned-businessmen successful. George Walker, the ex-boxer and boss of the bankrupt Brent Walker, is now fighting in court rather than in the ring.

And if anyone needed an example of how sport and business need not mix, they need look no further than Alan Sugar and Tony Venables.

Clive Brooke, general secretary, Inland Revenue Staff Federation, 231 Vauxhall Bridge Road, London SW1

Importance of know-what

From Mr Julian Nicholson.

Sir, Michael Dixon rightly distinguishes "know-how" from "know-what" ("Jobs", July 7). We find that graduates vary in these respects and that employers could sometimes do more to help themselves when making appointments. They could, for instance, take tutorial advice about the qualities required of applicants, although that is no longer fashionable. And, in the now-confusing educational jungle, they should identify degree courses most likely to produce graduates with practical flair.

In business studies, such students may well be focused on

one sector. They should be challenged from the start with difficult tasks, with rigorous deadlines and a high workload. They should be given presentational skills. There should be easy access to staff for consultation. Sandwich placements may add an important dimension. Students should be assessed in various ways but exams should not demand feats of memory. None of that need detract from academic standards or the wider benefits of student life.

Julian Nicholson, Wyke College, University of London, Ashford, Kent, TN25 5AH

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Pensions 'cap' hits mid-career moves

From Mr A W C Davey

Sir, I was surprised at the stance taken by Barry Riley in his article, "The Long View" (July 10), about the "pensions cap". Although I agree entirely with his advocacy for clearer government thinking on pensions (or, indeed, on anything), his proposals for the sacrifice of the pensions of the rich on the altar of egalitarianism would seem more suitable for Fabian Society pamphlets.

That is ignoring the fact that the society is now publishing right-wing leaflets from a socialist member of Parliament

(Labour MP [Frank] "Field calls for pensions switch", July 12). I believe that the government has pitched its "pensions cap" at the right level of £75,000, always assuming that it has to have a cap at all and provided this level is reviewed in April each year as originally promised.

A problem, however, which companies are now facing as a result of the "cap" is how to attract executives to join them in mid- or late-career without damaging their pension prospects.

The case of Sir Anthony Ten-

nant, which is quoted by Barry Riley, is an interesting example of the recruitment of a chief executive towards the end of his career who at that time could be persuaded to make a late career move when Guinness was clearly in need of his services. Given a similar need today it would be probable that the right person could not be persuaded to move because of the penalty in lost pensions expectations as a result of the "cap".

One solution to help mid-career moves, which I advocate, would be to revert to the pre-

1987 practice of permitting the accrual of a maximum pension over 10 years instead of the 20-year period now required, albeit of "capped" salary. It would not happen very often, because companies would have to pay for it. But given the higher incidence of preserved pension from earlier employment the costs might not be overwhelming.

A W C Davey, Hadrian House, Hadrian House, 65 Victoria Road, Farnborough, Hants GU14 7PA

Narrow-minded attitude to events held outside south-east

From R Waterson.

Sir, The motoring section told us ("Be a VIP for just £15", July 10/11) the British International car show at the National Exhibition Centre is really a regional event. Why do the

London-based media so often make these snobbish attacks on events held outside the south-east?

This narrow-minded idea, that an event staged in London is national (or international),

while those held elsewhere are regional only, hinders the country.

As cities like Birmingham, Glasgow, Manchester, etc, look to find new positions for themselves, they are not helped by

the constant sniping in the national press.

R Waterson, 1163 Currie Lane, Placentia, California, 92670 US

Privatisation endangers data confidentiality

From Clive Brooke

Sir, The Data Protection Registrar's call for new laws to protect the confidentiality of personal information is to be welcomed ("New laws urged to counter black market in secret data", July 15). It follows in the wake of last year's revelations about the former chancellor Norman Lamont's credit card details, and public awareness of a growing black market in personal financial and credit data.

But what about the protection of personal data held on the state's computer systems? And what about data on companies as well as individuals? At the moment this information is highly secure due to civil service standards and traditions.

But all that is about to change and we will see a much greater threat to personal confidentiality if privatised computer files on tax, social security, police and other records are put onto the data "black market".

These are not groundless concerns. In little more than

two months the Inland Revenue will award a contract for its computer operations to one of two American bidders. The contract will mean the transfer of 40m computer records on UK companies, partnerships and individual taxpayers into the private sector.

There will be no guarantee that the files or data processing work on them will stay in the UK. And all this is happening without public debate and without any real acknowledgment by ministers of the seriousness of the threat.

In the light of revelations about the black market for credit data, assurances that the privatised tax computer records will be "as confidential as information held by a bank" is no comfort at all. The government must change its mind about the privatisation of computer information held by the state.

Clive Brooke, general secretary, Inland Revenue Staff Federation, 231 Vauxhall Bridge Road, London SW1

INTERNATIONAL COMPANIES AND FINANCE

Apple share price falls to lowest since October 1990

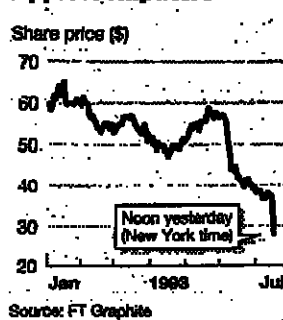
By Louise Kehoe
in San Francisco

APPLE Computer's share price plunged 7% to \$39.4 by midday yesterday, its lowest since October 1990.

The fall followed disclosure of the personal computer pioneer's worst quarterly losses and signs that sales of its Macintosh computers are slowing. Apple reported third-quarter losses of \$188m, or \$1.83 a share, after the market closed on Thursday. The losses included a \$321m pre-tax charge - much higher than analysts had expected - to cover the costs of 2,500 job cuts announced last week.

Analysts were also shocked by Apple's weak operating results. Excluding the restructuring charge, pre-tax profits slumped to \$17m, from \$21m in the same quarter last year. Revenues of \$1.86bn also failed to meet analysts' expectations of around \$2bn.

Apple Computers



The results were the worst in the history of the company, which was launched in a Silicon Valley garage in 1976 and went public four years later to become one of the most influential forces in personal computing.

Apple said shipments of its Macintosh PCs increased by 20 per cent in volume during the quarter, but revenues rose only 7 per cent. Apple has been forced repeat-

edly to cut Macintosh prices as it struggles to maintain market share.

While expressing confidence that Apple could quickly return to profitability, Mr Michael Spindler, Apple's new chief executive, warned the company "must significantly and permanently - lower our cost of doing business".

Mr Spindler replaced John Sculley as chief executive last month. He had previously been Apple president. Mr Sculley remains chairman of the company in charge of strategic alliances. In spite of denials by the company, Mr Sculley is widely rumoured to be planning to leave the company. He is currently on sabbatical.

Yesterday several Wall Street analysts downgraded their recommendations on Apple's stock and revised projections for future earnings. They expressed concerns that additional restructuring charges may be needed.

Volkswagen 'will return to profit in 1994'

By Christopher Parkes
in Frankfurt

VOLKSWAGEN will return to profit in 1994 even if demand for cars does not improve and turnover remains unchanged, Mr Werner Schmidt, group finance director, claimed yesterday.

Sales fell 12 per cent in the first six months of the current year to just under DM39bn (\$22.6bn), he added, and would reach DM38bn "with a little luck" in the full 12 months, compared with DM35.4bn in 1992.

Deliveries of vehicles had also fallen 12 per cent to 1.63m units, Mr Schmidt said.

The increased strength of the US dollar would have a positive effect, although because of a sharp fall in US deliveries, the Volkswagen of America subsidiary would again suffer heavy losses.

Last year, when group profits plunged 87 per cent to DM1.45m, the US business lost DM1.06m.

Seat, the Spanish business, was also heading for a further deficit after losing DM180m in 1992, Mr Schmidt said.

VW has repeatedly stated that it expected to return to profit in the third quarter of this year and break-even overall, in spite of a DM1.35bn loss in the first quarter.

The group has implemented job cuts and other cost-cutting and improved efficiency measures.

Arbed shuffles shareholdings

ARBED, the Luxembourg steel group, has failed to find a third large shareholder to form an industrial partnership, Reuters reports from Brussels.

However, it has completed a reshuffle of shareholdings with the Luxembourg state and Société Générale de Belgique to establish the vehicle which will eventually form the partnership.

The Luxembourg state and SGB have each transferred 440,000 shares to partnership vehicle Luxembourg Générale Arbed (LGA). This brought Luxembourg's stake in Arbed's voting stock to 31.87 per cent, or 34.11 per cent of total share capital.

SGB's stake fell to 14.96 per cent of voting stock, or 19.33 per cent of total share capital. LGA owns 14.22 per cent of voting stock, or 12.45 per cent of share capital.

Crucial debut for Swedish model

The 900, to be launched next week, is vital to Saab, says Hugh Carnegie

MAKING a play on his country's national emergency telephone number, a Swede joked last week that the long-awaited new model that Saab Automobile will launch next Wednesday should be called the Saab 9000, not the Saab 900.

Few in Sweden would fail to appreciate the wisecrack. Saab, 50 per cent owned by General Motors of the US since 1989, is widely perceived to be relying on the new 900 to secure its future after a succession of losses that have raised a question-mark over the company's survival.

It is not just the fate of Volvo's local rival that is at stake: GM has seen Saab losses rebound with painful effect on the results of its overall European operation. Saab's other 50 per cent owner, Saab-Scania, is in turn 100 per cent held by Investor, the chief industrial vehicle of the Wallenberg family, itself battling against losses and high debts.

Not least, the demise of Saab would deepen worries in a country proud of its industrial heritage that it has become too uncompetitive to sustain such a large-scale business as motor manufacturing.

With so much seen to be riding on the success of the new 900, it is not surprising that Mr Keith Butler-Wheelhouse, a Briton who has been in charge of Saab since last September, tries to play down the "make or break" tag that has been pinned on the car. "It is the beginning of the process of rejuvenation," he says at Saab's headquarters and assembly centre just outside the western city of Trollhättan.

It is clear, however, that rejuvenation is well-nigh impossible unless the new model is a hit. Apart from a 900 convertible, Saab has only one other model, the luxury 9000 range, on the market. The new car is replacing the old 900 model, which was launched in 1979 - and that was based on the 1968 Saab 96.

Saab last made a profit in

1988. Since then it has run up losses of more than SKr10bn (\$1.25bn). Since mid-1991, GM and Saab-Scania have together pumped in SKr6.3bn in two capital injections to keep Saab going.

Sales have slumped from 109,483 cars in 1988 to 86,800 last year. In the first half of this year, sales in the US and western Europe were down by 28.6 per cent and 23.8 per cent respectively.

The new 900, competing in the same market segment as the BMW 3-series and the Audi 80, is hitting falling markets in most of Europe, while demand for this type of vehicle in the US is still weak.

"Yes, it is very tough," says Mr Butler-Wheelhouse. "I would just say we are lucky in one respect: we are launching a car the size of which and the price of which are still within the reach of many people. I would far rather replace the 900 now than the 9000."

Mr Butler-Wheelhouse was brought in by GM, which has effective management control at Saab, from South Africa where he had led the management buy-out of GM's local business in the 1980s.

He has pressed on with the

task of drastically restructuring Saab to increase productivity and win the cost advantage from the link to GM.

Since GM came in, the workforce in Sweden has been halved to 7,300 and the number of plants cut to three. Productivity of 56 hours per car for the 9000 is still high, but compares with the 110 hours of three years ago.

Moreover, the figure for the new 900 will be 35 hours per car at launch and will come down to less than 30 hours next year - approaching market-leading figures for Japanese plants in Europe, according to Mr Butler-Wheelhouse.

Break-even point is now around 80,000 cars a year sold. The GM link has also enabled Saab to reduce the time and cost of developing the new 900 model by around 30 per cent, says Mr Stig-Göran Larsson, Saab's product development chief.

The car, which industry analysts estimate cost less than SKr5bn to develop, shares a number of base components with the Opel Vectra/Vauxhall Cavalier. But a key element of the strategy behind the car is that it is a Saab, not a GM product.

Mr Larsson stresses that his development team includes

only one person from GM - a financial officer. "There has been a concern that we keep our identity," says Mr Larsson, clearly speaking for his Swedish colleagues at Saab. "If we lose that, what is Saab then? Then it is lost."

Much effort has been put into ensuring that the new 900 "looks like a Saab and feels like a Saab". This extends from quirks like keeping the ignition on the gear-stick console, to making the body design as reminiscent of the highly individualistic old 900 as possible.

This is not for sentimental reasons. GM readily agrees that it bought into Saab in order to reach a market niche that its mainstream cars could not. What-ever tensions there might be between the top management GM has put in place and the Swedes below them, GM agrees that Saab must retain its place as an individualistic car known for its responsive drive and its "Swedish" qualities of safety and reliability.

"There is absolutely no sense in GM doing anything to negate the equity in Saab's name," says Mr John Fleming, Saab's American marketing chief.

Mr Butler-Wheelhouse says that it will take about six months before it will be clear if the new 900 has been a success. In the meantime, he will make no forecast about a return to profit, beyond pointing out that first-quarter losses were cut by 50 per cent to SKr133m.

Design work is going ahead on a new 9000 planned for sometime in the next five years. Earlier talk of a third top-of-the-market model being supplanted by discussion of a model smaller than the 900. But for now it is no more than discussion. Everything hinges on the 900. Mr Butler-Wheelhouse says that GM and Saab-Scania have patience. However, he acknowledges "What they don't need right now is a lame duck."

Record for Texas Instruments

By Louise Kehoe

TEXAS Instruments reported a record second-quarter performance, boosted by a strong improvement in its semiconductor operations.

Net income and net revenues for the electronics manufacturing group reached an all-time high.

Net revenues for the quarter were \$2.1bn, up 13 per cent from \$1.9bn in the same period last year, while net income was \$112m, or \$1.18 a share, compared with \$72m, or 73 cents, in last year's second quarter.

Profits were well above Wall Street projections of about 99 cents per share.

Profits from operations for the second quarter were \$173m, compared with \$128m in the same period last year.

Substantially higher profits from semiconductor sales more than offset a loss in computer operations, the company said.

Defence electronics profit margins remained stable on lower revenues. Semiconductor revenues increased by 26 per cent, while the digital products division increased sales by 4 per cent. Defence electronics revenues dropped 8 per cent.

TI's semiconductor business has improved steadily over the past five quarters, despite delayed economic recovery in some of the industry's key geographic regions, said Mr Jerry Junkins, TI chairman, president and chief executive.

Semiconductor orders reached record levels in Japan, Europe and the Asia-Pacific region, with strong demand across all product lines, Mr Junkins said.

Revenues from semiconductor patent royalties contributed \$125m in the quarter, including \$31m from agreements reached during the quarter with Hyundai Electronics, Gateway 2000, and Nippon Steel Semiconductor.

Mr Junkins announced plans to increase capital spending on semiconductor production facilities to about \$700m this year, an increase of \$50m over the company's previous projection.

He also reported that TI's joint venture semiconductor manufacturing operation in Japan with Kobe Steel achieved volume production during the quarter.

Another joint venture with Canon, Hewlett-Packard and the Singapore Economic Development Board, in Singapore, began operations during the quarter and is expected to reach volume production next year.

Net revenues for the first six months of 1993 were \$4bn up 12 per cent from the same period of 1992.

Net income for the half-year was \$192m, or \$2.04 a share, up from \$112m, or \$1.10, in the same period last year.

China Merchants lifts HK bank stake

By Simon Holberton
in Hong Kong

CHINA MERCHANTS, one of the largest Beijing-controlled conglomerates in Hong Kong, yesterday said it would pay HK\$509m (\$65.7m) to take its interest in Hong Kong Chinese Bank to 50 per cent from its current 15 per cent holding.

Hong Kong Chinese Bank is the main asset of HKCB Bank Holding, a company controlled

by Lippo, an Indonesian-Chinese finance and property group listed in Hong Kong which is controlled by the Riady family.

Prior to yesterday's deal HKCB owned 85 per cent of the bank. China Resources and Lippo have had a longstanding business relationship. In addition to its interest in the bank, China Resources owns 4.9 per cent of Lippo and 1.3 per cent of HKCB.

The two are partners in Hong Kong Building and Loan Agency, a locally-listed mortgage financier. In March, Lippo paid HK\$164m for a 67.6 per cent interest in the company, and later sold a 10 per cent holding to China Merchants.

A general offer and subsequent placing of stock - to enable Hong Kong Building and Loan Agency to remain listed - has left Lippo owning 65 per cent of the company.

Spanish bank rises to Pta29.9bn

By Peter Bruce in Madrid

BANCO POPULAR, Spain's sixth-largest commercial bank in terms of assets, said its consolidated net profit for the first half of 1993 had risen 7.6 per cent over the same period last year, to Pta29.9bn (\$21.5m).

Although Spanish banks had become accustomed in the recent past to report double-digit profit increases, performance has been badly hit in the past year by recession and mounting bad debts.

Analysts in Madrid said yesterday that Popular's figures

could be regarded as very strong in the circumstances.

Popular is consistently the most profitable of Spain's larger banks and is frequently rated as one of the most profitable in the world. The bank eschews the large industrial holdings common among its Spanish rivals and it has quietly and successfully avoided being drawn into the market share battles being fought among Spanish banks for savers and consumers.

Popular said it had made provision for loan losses and other costs of Pta1.7bn, a 32

per cent increase on the first half of 1992.

But operating income rose 12 per cent to Pta10.4bn, faster than the 8 per cent increase in operating costs. Nevertheless, the figures showed that while the bank's consolidated financial margin grew 14.1 per cent over 1992, the cost of deposits grew by more than 17 per cent, reflecting tighter margins as competition intensifies.

Total assets, which fell slightly in the first quarter, increased by 3.5 per cent overall in the first half to Pta2.903bn.

Hachette unit in Ffr331m sale

HACHETTE Filipacchi Presse, part of the Hachette group, said its Quillet subsidiary sold a 51 per cent stake in Dernieres Nouvelles d'Alsace for Ffr331.5m (\$56.5m), Reuters reports from Paris.

Dernieres Nouvelles d'Alsace is a Strasbourg-based daily newspaper.

Quillet sold the stake to Société Alsacienne de Médias, a company being set up by Société Centrale d'Investissement, part of the financial group, Group Verne, Société France-Est and Union de Reims.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	\$393.5	+0.75	\$358.25	\$395.45	\$326.05
Silver per troy oz.	\$39.85	+0.35	\$20.90	\$43.35	\$26.00
Aluminium 99.7% (cash)	\$1185.5	-38	\$1309.5	\$1240.00	\$1106.00
Copper Grade A (cash)	\$1914.0	-60	\$2270.5	\$2375.00	\$1733.50
Lead (cash)	\$591.5	-7.5	\$640.0	\$660.00	\$570.50
Nickel (cash)	\$5010.0	-215	\$5730	\$5840	\$5150
Zinc SHG (cash)	\$825	-3.5	\$1338.5	\$1112	\$814.5
Tin (cash)	\$4995	-1025	\$5817.5	\$5047.5	\$4980.0
Cocoa Futures (Sep)	\$767	+3	\$757	\$767	\$583
Sugar Futures (Sep)	\$977	-4	\$782	\$985	\$836
Coffee (LDP Raw)	\$263.2	-20.1	\$274.4	\$317.4	\$204.5
Copper Futures (Nov)	\$105.25	-1.5	\$114.2	\$110.30	\$105.25
Wheat Futures (Nov)	\$107.65	-1.85	\$115.25	\$119.45	\$107.30
Cotton Outlook A Index	\$58.25	+1.05	\$55.25	\$62.50	\$47.75
Wool (64 Super)	\$489	-4	\$394	\$409	\$409
Oil (Brent Blend)	\$16.86	-0.02	\$20.375	\$16.53	\$16.51

Per tonne unless otherwise stated. p.p.m.c./kg. c.c.m.t. ft. x.d.p.

COCOA - LDC	Close	Previous	High/Low
Jul 780	780	781	748
Sep 787	787	775	770
Dec 786	786	784	770
Mar 787	787	794	778
May 796	805	802	793
Jul 808	812	811	810
Sep 813	826	821	812
Dec 825	838	835	831
Mar 841	853	847	840
May 853	852	850	852

Turnover: 9775 (1488) lots of 10 tonnes
ICEA indicator price (\$/tonne) for Jul 18
785.73 (759.58)

COFFEE - LDC	Close	Previous	High/Low
Jul 944	965	980	955
Sep 977	981	987	973
Nov 978	980	994	978
Jan 978	982	996	975

Turnover: 2226 (5039) lots of 5 tonnes
ICEA indicator price (\$/tonne) for Jul 18
974.81 (974.81) 15 day average 974.81 (974.81)

POTATOES - LDC	Close	Previous	High/Low
Jul 102.5	102.5	102.5	102.0
Sep 102.5	102.5	102.5	102.0
Nov 101.0	101.0	101.0	101.0

Turnover: 99 (94) lots of 20 tonnes.

SOYABEANS - LDC	Close	Previous	High/Low
Jul 176.00	176.00	176.00	176.00
Sep 177.00	177.00	177.00	177.00
Nov 177.00	177.00	177.00	177.00

Turnover: 20 (9) lots of 20 tonnes.

FRUGITS - LDC	Close	Previous	High/Low
Jul 1310	1320	1310	1305
Sep 1288	1288	1288	1288
Nov 1370	1370	1370	1365
Jan 1380	1380	1380	1380
Mar 1380	1380	1380	1380
May 1380	1380	1380	1380

Turnover: 81 (213)

GRAINS - LDC	Close	Previous	High/Low
Sep 108.00	108.00	108.00	108.00
Nov 107.00	107.00	108.00	107.00
Jan 110.15	110.00	110.00	109.50
Mar 112.25	112.15	112.30	112.30
May 114.35	114.20	114.30	114.30

Turnover: 1258 (1488) lots of 100 tonnes

Aug	103.00	103.00	102.90	950
Nov	105.25	105.25	105.25	950
<hr/>				
Turnover: Wheat	125 (183)	Barley	16 (111)	Co
Turnover lots of 100 Tonnes.				
<hr/>				
PIGS - LCM				
(Cash Settlement) pigs				

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

All hands on Danish krone

The Danish krone finished the week clinging to its position in the ERM after a concerted effort to defend it by European central banks, writes Stephanie Flanders.

A string of announcements on Friday morning confirmed that the Belgian, French, Spanish and German central banks were joining the Danish and Dutch authorities in purchasing the Danish currency. The Danish unit was under steady selling pressure throughout the day, which reached its height during the afternoon as speculators gambled on a weekend realignment.

When London markets closed, the krone was trading just above its ERM floor of Dk3.9016 against the D-Mark at Dk3.8895. The currency had closed on Thursday at Dk3.8925.

Traders were divided about the volume of krone trading on either side. Rumours that the

combined intervention of the Danish krone totalled around Dm3.4bn were generally considered plausible.

Some thought that the Danish government's claim that it had enough reserves to defend the currency meant that large speculative selling had not quite begun. "They could not say that if the big money was involved," said one London-based trader, Julian Jessop, of Midland Global Markets, confirmed that "today's pressure on the krone is the collective action of many small players. There's no-one big in the market saying it has to go."

By and large, the situation was hard to gauge, as Malcolm Barr at Chemical Bank in London explained: "There are echoes of the previous ERM turmoil," he said, "but at the same time, the crisis has a different character, it is less frantic, despite all the central bank interventions."

Few thought that the ERM

could ultimately survive a Danish devaluation. "The Danish have made a show of good faith by increasing their interest rates to help the Krone," said one analyst. "If the Bundesbank does not help them by cutting rates, the markets will really begin to wonder if they would do it for the franc."

The dollar was largely sidelined by events in the ERM, although there was a brief rally in the dollar-yen rate with the announcement of unexpectedly good US trade data. This took the dollar to Y108.70 at one point, before falling back as European markets closed, finishing at Y108.15, only slightly above Thursday's Y108.30.

Despite the ERM turbulence, sterling lost ground yesterday against the D-Mark and the dollar, falling throughout the day to close at Dm2.550 and \$1.4799 in London, down 1/4 pence, and nearly a cent, on Thursday's finish.

FINANCIAL FUTURES AND OPTIONS

LIFFE EURO CURRENCY FUTURES
250,000 units of 100%

Symbol	Settle	Open	High	Low	Close
3M Euro	92.50	92.50	92.50	92.50	92.50
6M Euro	92.50	92.50	92.50	92.50	92.50
9M Euro	92.50	92.50	92.50	92.50	92.50
12M Euro	92.50	92.50	92.50	92.50	92.50

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250,000 units of 100%

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3M Euro	92.50	92.50	92.50	92.50	92.50
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12M Euro	92.50	92.50	92.50	92.50	92.50

AIS Unit Trust Managers Limited (100%)
57 Belmont Rd, Singapore. Tel: 1800 577 0000

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Guide to pricing of Authorised Unit Trusts

complied with the assistance of Lauro S.S.

INITIAL CHARGE: Charge made on sale of shares. Used to defray marketing and other expenses, including commissions paid to the broker. This charge is included in the price of the shares.

OFFER PRICE: Also called *leave price*. The price at which units are bought by investors.

PAID PRICE: Also called *redemption price*. The price at which units are sold back by investors.

CANCELLATION PRICE: The difference between the offer and bid prices is determined by a cancellation price. This price is used as a protective, stand still fund whenever a stock is purchased, sold and then repurchased at a much higher price. As a result, the bid price is not allowed to fall below the offer price. The bid price must be equal to the cancellation price plus the initial charge. The cancellation price is determined in which there is a large enough price to make over the unit.

TIME: The time over which the fund is invested. The system is the term of the unit's investment plan unless another term is indicated on the unit's certificate. The time is expressed in years. The symbols are as follows: (Y) - 0001 to 1000 hours; (M) - 1101 to 1400 hours; (Q) - 1501 to 1700 hours; (A) - 1801 to 2000 hours. Only adding prices are set on the basis of the time period, a short period of time may change before prices become available.

HISTORICAL PRICING: The letter F denotes that the managers will remain closed on the price set on the most recent quotation. The price shown are the latest available bid prices. The price shown may not be the current selling prices because of the time period of the quotation. The price shown is a snapshot to the current price. The price shown is a snapshot to the current price on request, and may move to forward prices.

FORWARD PRICING: The letter F denotes that the managers do not set the price to be set on the most recent quotation. The price shown is in advance of the purchase or sale of the unit. The price shown is in advance of the purchase or sale of the unit. The price shown is in advance of the purchase or sale of the unit.

SPECIAL PARTICULARS AND REFINEMENTS: The price shown is in advance of the purchase or sale of the unit. The price shown is in advance of the purchase or sale of the unit. The price shown is in advance of the purchase or sale of the unit.

Other explanatory notes are contained in the last column of the FT Managerial Funds Service.

U.S. Life Assurance and Unit Trust Investment Corporation, Oakley Park, 10000 Oakley Street, London N14 1QJ Tel: 071-576-0444.

Covington Topcat	47.34	47.34	90.44	0.00	Clardy Growth Inc.	8	21.14
Roadway Growth	47.39	47.39	48.89	0.00	Int Growth Acc	8	29.47
Premier Equity Acc	95.01	95.01	105.30	0.00	Int Growth Inc	8	27.97
Premier Equity Inc	95.01	95.01	105.30	0.00	Marshall Leasing Acc	8	25.18

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LONDON SHARE SERVICE

AMERICANS

Company	Price	Change	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	9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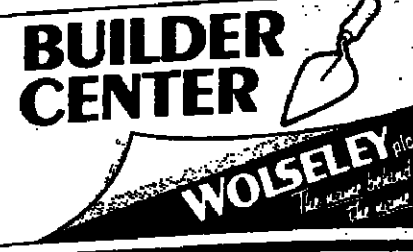
INVESTMENT TRUSTS - Cont.

Trust Name	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995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FINANCIAL TIMES

Weekend July 17/July 18 1993



Miyazawa denies suggestion of VAT rise in run-up to Japanese vote

LDP expected to lose majority

By Robert Thomson in Tokyo

JAPANESE politicians have taken to the streets for their final pleas to voters before tomorrow's general election, which is expected to leave the ruling Liberal Democratic party without a majority and struggling to find a coalition partner.

Mr Kiichi Miyazawa, the prime minister, entered the final day of the campaign with a cabinet popularity rating of 10.3 per cent. Campaigning in Hiroshima yesterday, he was forced to disown an ill-timed suggestion that an increase in an unpopular value added tax might be necessary.

Other LDP officials, aware that talk of lifting the 3 per cent tax

could be a vote-loser, insisted there would be no need for an increase after the election and said the greatest threat to the economy's health was political instability.

A survey of executives released yesterday by the Japan Association of Corporate Executives found that the appreciation of the yen and the fall of Mr Miyazawa's government have prompted more business people to expect a delay in economic recovery.

Three months ago, 17 per cent of the executives surveyed thought the recovery would not come until next year or later, but the figure is now 29 per cent. The association found that member

executives, on average, expect economic growth of 1.8 per cent in the year to March 1994 against a figure of 2.18 per cent three months ago.

Japanese executives have generally supported calls for political reform, but there are concerns that the election will be inconclusive, creating a year or more of political instability and hindering the introduction of a stimulatory spending package.

An opinion poll released yesterday by Jiji, the Japanese news agency, suggested that 38.2 per cent of respondents favoured a post-election coalition government led by the LDP, while 25.7 per cent preferred a coalition containing newer groups such as the

Japan Renewal party and the Japan New party. These results contrasted with the 25.6 per cent of voters who said they would support the LDP tomorrow, down from 31.9 per cent in a similar survey taken a month ago by the same agency, and a sign that the polished performance by Mr Miyazawa at the Group of Seven summit earlier this month was not enough to satisfy voters.

In spite of his cabinet's unpopularity, Mr Miyazawa was confident yesterday he would win another term as prime minister. His fate is likely to be decided by the voting patterns revealed tomorrow evening.

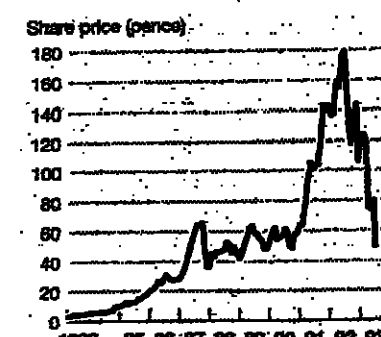
What the voters think, Page 4

THE LEX COLUMN

Rating recovery

FT-SE Index: 2833.0 (+1.3)

Spring Ram



Source: Datastream

circumstances would surely be greeted with hollow laughter.

There is a danger that if the institutions out Mr Rooney there may be boardroom defections which would leave the company rudderless. The omens must be on Spring Ram's sheepish board to resolve the situation. Ironically, Mr Rooney might be the greatest beneficiary from his own departure. He and his family trusts own 18 per cent of Spring Ram's equity and must crave the restoration of share price stability.

UK television

The fiasco over the scheduling of News at Ten highlights in technical detail the unwieldy operation of the ITV network. If the ITV system did not exist, nobody would bother to invent it. Splitting one television channel among 15 companies is manifestly wasteful and prevents more resources being devoted to programme-making. Some industry rationalisation may occur next year when the moratorium preventing hostile takeovers of the smaller companies ends. But given the inertia of government, Mr Peter Brooke seems unlikely to lift the restraints on any of the big nine companies buying each other. The only spur to change might be if a foreign company bid for a station and aroused jingoistic passions.

It is bizarre to regulate any industry in such a way, especially when a clear distinction can easily be drawn between the ownership of a TV station and its regional character. Some big bets are now being placed on this nonsense ending. Granada's \$90m acquisition of a 20 per cent stake in LWT is

the boldest move. The carrying cost of this investment will be about \$4m a year. But the prize will be great if the rules are changed and Granada can win LWT and merge its operations.

Yet in a truly open market, LWT would be worth more to its neighbour, Carlton, which could be expected to win any bidding war. In that case Granada may effectively exchange its LWT holding for LWT's own interest in Yorkshire-Tyne Tees, creating a strong northern operation. As for Carlton, it may fall back on buying Central, in which it holds a 20 per cent stake. If, as seems likely, the MMC blocks a bid for LWT, the large companies seem more inclined to wait for the bigger catches to wriggle free than to chase the smaller fry. This makes the surging share prices of the tiddlers rather hard to justify.

Gold

The rise in gold during the second quarter of the year had a stagey feel about it, not stage-managed - feel about it. Clearly the central character was Sir James Goldsmith, who successfully outbid his involvement in Newmont Mining, which he holds a 20 per cent stake, for gold. His other interests in bullion or gold options are, naturally enough, now a lot more difficult to fathom. While he has publicised his gold-buying spree, there has been a notable silence over any profits which might have been taken.

The opacity of Goldsmith's trading activities is just one reason why speculators are wary of jumping in at this level. Hedge funds and bullion unit trusts which have been buying as they have moved up the performance tables would quickly turn sellers if the price starts to slide. There are also persistent rumours that central banks are writing options against bullion holdings at about \$400, which would certainly slow any rise.

Yet the run is not entirely speculative. Fabrication and other uses for gold will consume more than total mined output this year. The oldest element of the recent rise is that it has happened against a background of strong deflationary forces worldwide. Either the Jeremiahs of economic doom sense something distant on the horizon, or this is the start of a classic speculative fit. The latter seems more likely, but the difficulty then is calling the turn. There may well be a pull back, but bullion does not yet feel to have run its course.

PSBR rises sharply despite higher government receipts

By Peter Marsh, Economics Correspondent

UK GOVERNMENT borrowing in the first three months of the financial year rose by nearly a quarter on the corresponding period of 1992-93, according to Treasury figures published yesterday.

The deterioration came in spite of higher-than-expected government receipts last month caused largely by individuals and companies paying their tax bills early.

The public sector borrowing requirement in April-June was £13.2bn, compared with £10.7bn in the same period a year earlier.

Government borrowing in June came to £3.58bn, nearly £1.5bn less than forecasts by City economists. The increased flow of cash into the Treasury from tax payments only partly compensated for a big rise in government spending, caused by higher social

security payments linked to the recession.

The figures provide a warning of the fiscal problems facing the government. They came after a series of favourable statistics earlier this week which showed manufacturing output is picking up, while unemployment is coming down and retail price inflation is at a 30-year low.

The Treasury expects the gap between spending and borrowing this financial year to reach £50bn. It will decide over the next few months whether new tax increases next April are required to bring down the deficit.

Last month, central government receipts came to £15.6bn, 12.6 per cent up on the £13.9bn recorded in June last year. Receipts from income tax and value added tax were buoyant partly as a result of payments which would normally be made later in the summer being brought forward to June.

Government officials said this might be due to new rules requiring big companies to pay VAT monthly rather than quarterly. Another reason was advance payment of tax by self-employed people.

In the first three months of this financial year, central government income totalled £48.4bn, 5.5 per cent up on the £46bn collected in the equivalent time last year. Over the same period, spending by central government rose 8.5 per cent to £61.2bn from £56.4bn.

In June, overall borrowing was brought down slightly through the government collecting £210m in privatisation proceeds.

City and academic forecasters expect the 1993-94 PSBR to be £47.5bn, slightly less than they estimated in June and just under the Treasury projection, according to a collation of non-government forecasts issued yesterday by the Treasury.

EC states unite to keep krone in ERM

By Peter Norman in London and Hilary Barnes in Copenhagen

DENMARK'S European Community partners yesterday joined forces to defend the embattled krone with concerted intervention, as Danish authorities again raised interest rates to hold the currency in the European exchange rate mechanism.

ERM central banks launched several waves of buying for the krone. But after intervention, estimated by some market participants at between DM3bn and DM4bn, the krone closed the week near its lower intervention point in the ERM.

The Danish National Bank announced yesterday it would raise its key deposit and discount rates from 7.25 per cent to 9.25 per cent from Monday. The Dutch central bank cut its special deposit rate to 6.6 per cent from 6.7 per cent in an effort to ease tensions between the krone and guilder in the ERM.

Yesterday's speculation against the krone caused the EC to postpone yet again a meeting of its monetary committee, scheduled for Monday in Brussels, for fear that it might become a focus of speculation. The committee had been due to meet on July 14 but that meeting was delayed because of speculation against the French franc.

Mr Erik Hoffmeyer, Danish central bank governor, declared the krone would "be defended no matter what happens".

Ms Marianne Jelved, the Danish economy minister, said her government fully supported the interest rate increases. She said Denmark was determined to take every possible step to protect the krone within the ERM.

With Danish prices having risen by only 0.9 per cent in the year to June, she said the latest speculation was "without any basis in economic reality".

Currencies, Page 13

Attali quits after report

Continued from Page 1

porting invoices have been provided to the bank on its corporate credit card in 1992 and 1993. The report notes that it was "only on June 22 1993, ie, since the start of the present inquiry, that the president reimbursed expenses totalling £30,431 which had been incurred during 1992 and 1993".

It also said that fees received by Mr Attali for making speeches "appear to be inconsistent with the Code of Conduct of the Bank". Mr Attali had a contract with Asahi Shimbun, a Japanese newspaper, which paid him \$20,000 a year for two years plus \$30,000 for making a speech in the spring of last year.

Mr Attali's responsibilities have been taken temporarily by Mr Ron Freeman, first vice-president, pending the appointment of a permanent successor.

Clarke warns on treaty vote

Continued from Page 1

the "absence of enemies", such as the Soviet Union and powerful trade union bosses, leaving no option but positive campaigning on issues such as deregulation, improving public services and sustaining economic recovery.

The cabinet's impatience with the divisions over Maastricht was shown by Mr Clarke, who did little to disguise ministers' anger over the behaviour of the sceptics, as he admitted Thursday's vote would be a "cliffhanger".

The chancellor, who warned Britain's prospects would look "very bad" if it failed to ratify the treaty, said Tory sceptics would be "standing on their heads" if they sought to wreck the treaty by voting against Britain's opt-out on the social chapter.

Further evidence of the tough line being taken by the Tory establishment came from Sir Peter Hordern, chairman of the Tory backbench European affairs

committee. He hinted that if the government were defeated on Thursday, then a further debate, to enable ratification to go ahead, could be held in August.

With Mr Major's authority at stake in the vote, Mr Clarke said that he expected the number of Tory MPs willing to vote against the government would be fewer than generally expected.

More than a dozen - enough to overturn Mr Major's majority - have expressed willingness to defy the cabinet. But Mr Clarke's words signalled the start of five days of intense arm-twisting aimed at bringing them into line. The Euro-sceptics' application for a judicial review is further evidence some remain defiant.

The government is already working on the basis of not proceeding to ratification until the issue has been resolved.

Lord Rees-Mogg said Sir James Goldsmith, the financier, was among those meeting the "substantial" costs of the action.

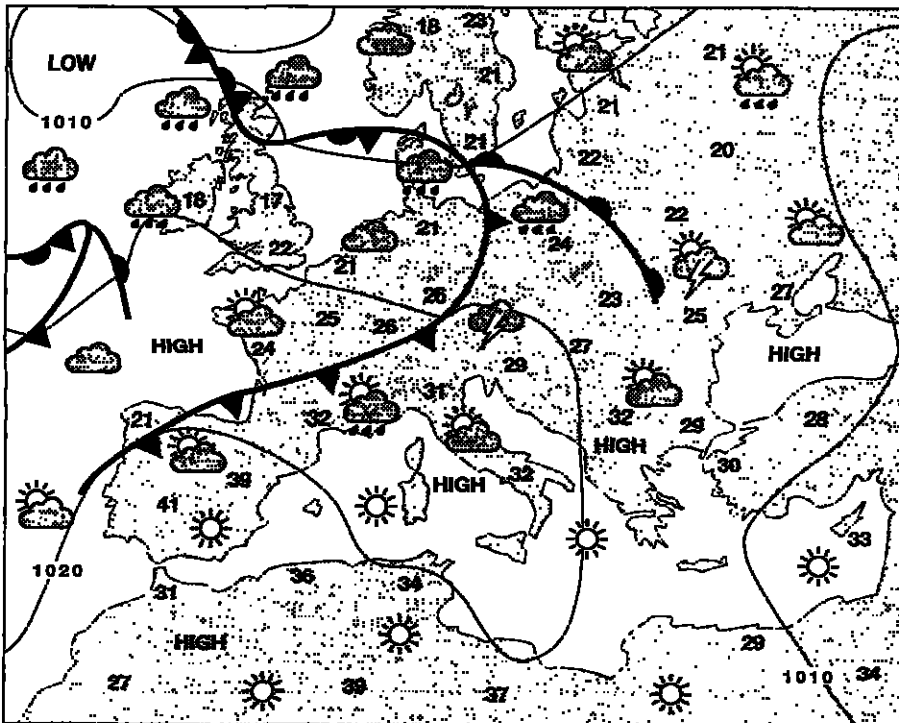
FT WORLD WEATHER

Europe today

Low pressure over Scandinavia will keep conditions unsettled over northern Europe. In the Low Countries and Germany, a surge of drier air will bring a respite from the rain especially to western and central areas. Cool and dry conditions will prevail in the UK, but the Scottish highlands will see outbreaks of rain. In the afternoon, rain clouds will move into Ireland from the west. The heat and sun will continue in southern Europe, with the interior of Spain and Portugal having temperatures locally above 40C. In southern and central France and Romania, readings will exceed tropical values. Where the cool and hot air meet over the Alps, local thundery showers will develop.

Five-day forecast

A surge of cool air will spread to the south, reaching northern Spain and southern France by early next week. Unsettled and cool conditions will affect the UK, the Low Countries and Germany. Southern Europe will stay hot and sunny. On the boundary of the hot and cool air, thunder storms will develop in the Alps and eastern Europe. In Scandinavia, it will stay showery, with temperatures between 18C-22C over the interior.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES			
Maximum	Minimum	Weather	Wind
Abu Dhabi	34	sun	24
Accra	31	sun	24
Algiers	31	sun	24
Amsterdam	19	sun	24
Athens	33	sun	24
Bangkok	33	sun	24
Barcelona	33	sun	24
Beijing	32	sun	24
Belfast	18	sun	24
Belgrade	32	sun	24

Chicago	24	thund	29
Cologne	24	sun	24
Copenhagen	19	sun	24
Dallas	28	sun	24
Darwin	31	sun	24
Dubai	34	sun	24
Dublin	17	sun	24
Dubrovnik	32	sun	24
Edinburgh	15	sun	24
Fair	20	drizz	20

Fair	20	drizz	20
Frankfurt	24	sun	24
Geneva	24	sun	24
Hamburg	24	sun	24
Helsinki	24	sun	24
Hong Kong	31	sun	24
Honolulu	31	sun	24
Ile de Man	31	sun	24
Istanbul	31	sun	24
Jersey	24	sun	24
Karachi	31	sun	24
Kuala Lumpur	31	sun	24
La Paz	24	sun	24
Las Palmas	24	sun	24
Lisbon	24	sun	24
London	24	sun	24
Los Angeles	24	sun	24
Luxembourg	24	sun	24
Lyon	24	sun	24
Madeira	24	sun	24
Madrid	24	sun	24

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Today he remarked how a shower of rain
Had stopped so cleanly across
Golightly's lane
It might have been a wall of glass
That had toppled over. He stood
there, for ages,
To wonder which side, if any, he
should be on.

"The Boundary Commission"
Paul Muldoon

THE REVEREND Ian Paisley, scourge of liberals, Catholics and Irish nationalists, who towers over Northern Ireland politics like the Mourne mountains weep over Carlingford loch, was not being helpful.

As I tested, gingerly, his reaction to my plan for Irish unification, his words of foreboding were as sulphurous as any in Paisley's three decades as Free Presbyterian minister and hard-line Unionist leader. "God knows what will happen. There could be assassinations everywhere. It could be like Yugoslavia."

The British sell-out is already under way, he rasped. The effect could be read in people's faces and in loyalist violence. "I go to funerals and it used to be that people talked. If they go today, they just walk. It's deep, deep, bitter resentment and anger."

Sitting in the small study of his voluminous Belfast home, Paisley glanced at a photograph of loyalist folk-hero Edward Carson, whose militia trooped in 1912 against Home Rule. Next to it on the wall were the wooden training gun and bandoleer of Paisley's father. There was no doubt that he was prepared to raise the loyalist standard again.

To have expected anything less would have been naive. Paisley's career has been built on bogeyman politics; the apostates and Papists could not now be let through the glass partition.

But the need for a positive contribution to stir debate and counter the rhetoric of Paisley and his followers is overwhelming. Terrorism abounds, but among politicians there is only imagery, stubborn threats – and an overwhelming sense that for one side to give just a little would be to shatter hundreds of years of history like a glass window caught in a downtown explosion.

The province's political landscape has hardly changed since the 1965 Anglo-Irish Agreement when Margaret Thatcher and Dr Garret FitzGerald, the UK and Irish prime ministers, agreed that the south should have a token say in the north's affairs. Since then the governments have looked to local nationalist politicians and those who want to preserve the union with the UK to dismantle the defences they have themselves erected.

Northern Ireland is the biggest problem facing two west European governments. Each year about 100 people die. Damage to property in the province and on the British mainland runs into billions of



A shooting in West Belfast earlier this year

Through a glass, darkly

If nothing else, the case for plain-speaking over Northern Ireland is now overwhelming, says Ralph Atkins

pounds. Yet the recent Opsahl report on Northern Ireland, by independent commissioners, said: "The British government's insistence that it is an honest broker, and that the ingredients of a settlement must be worked out by the two communities, adds to the recipe for conflict."

Hence my trip to see Ian Paisley, to look for a way beyond the miasma. To say Irish unification is a bold proposal is an understatement. There are doomsday apertures, arguing that the Unionist veto that led to partition in 1921 is as potent as any time since the Protestant settlers of the 1600s.

But there is a robust logic to the case for unity that – if all ways forward are to be explored – justifies testing. Leap forward a few years. A Northern Ireland secretary sits in his panelled office overlooking Horseguards' Parade, Whitehall. He baulks as news arrives of the latest terrorist atrocity. Loyalist

killings, supposedly in the name of King Charles III, are rampant. His own life has been threatened by Protestant Red Hand Commandos. Bombings by the nationalist IRA on the mainland have not stopped.

But the newly-formed Democratic Unionist Party and the larger, more moderate Ulster Unionist Party are encased in a glassy silence, refusing to talk to the nationalist Social Democratic and Labour Party.

The secretary of state, who was at primary school when "the troubles" erupted, sighs and begins to draft a House of Commons statement: "Mr Speaker, His Majesty's government is concerned about uncertainty over Northern Ireland's future. The provisional IRA believes it can bomb the British out of the province; loyalist paramilitaries kill nationalists in retaliation."

"I emphasise that the government will never give in to terrorism, but we accept that the people of Northern Ireland have a right to know about their future."

"Over the 40 years since the 'troubles' erupted, many suggestions have been made for accommodating unionist and nationalist aspirations. Few have won support among more than a handful; none has endured."

"We believe there are only two practical choices. First, that Northern Ireland should remain part of the UK in perpetuity. We could massively escalate the security apparatus. Many Sinn Féin and IRA supporters could be interned. A system of local government, as in English counties, could be introduced. But the breaches of civil liberties would be indefensible, the alienation of nationalists would deepen, the 1985 agreement would have to be torn up and the geographical anomaly of a land divided along a border drawn

up after the first world war explicitly to create a protestant majority would remain."

"The second option is a united Ireland (gasp). We intend to open negotiations with the Dublin government about creating a new Ireland with protection for religious freedom and a powerful devolved Ulster assembly."

"Northern Ireland citizens will keep rights to British passports and to live in the UK. We see the new Ireland as having a special link with the UK, particularly in a European context. We envisage the UK Treasury subsidy to Northern Ireland, worth £3bn in 1993, continuing for many years. An extra 10,000 troops are being sent tonight to the province to reinforce the police against loyalist paramilitaries."

"It is a big step but, just as we cannot bow to IRA terrorism, we cannot allow the threat of a loyalist terrorist revolution to dictate the

agenda."

[Uproar, shouts of "Never", Ian Paisley Junior MP and 12 other Unionist MPs plus two dozen Conservative MPs storm out of the chamber. "Order, Order."]

Could it happen? Could a deal be struck between London and Dublin? How violent would be the backlash of unionists? Would the people of Ulster ever agree?

In Dublin, the aspiration to unite Ireland exists, but with the anger, disarray and killings it would cause among patriots in the north so obvious, there is little appetite to turn dreams into realities. At the Department of Foreign Affairs, a warren-like house off St Stephen's Green, stacks of the 1984 New Ireland Forum Report fill a room. This is the text from which the policy of the Fianna Fail and Labour party coalition government is still drawn.

Compiled by nationalists opposed

to violence, it preferred a united Ireland, "achieved by agreement and consent, embracing the whole island of Ireland and providing irrevocable guarantees for the protection and preservation of both the Unionist and nationalist identities."

So much is encouraging. But the words were carefully chosen. The emphasis at the foreign affairs department under Labour's Dick Spring is on "agreement and consent". He has angered the British government in the last week by floating ideas such as "joint-sovereignty" – but only as proposals that could be put to political leaders or voters in the province. It is striking talking to officials and politicians in Dublin how unification talk is regarded as blarney. I was left with a palpable sense of hypocrisy.

"There is no question," one senior diplomat told me, "of us imposing

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The Long View / Barry Riley

A forecast too far



As this week's figures have hammered home, the outturn is not going to be anything like as bad as that. Like many other people, I have been surprised at how little difference the exit from the exchange rate mechanism has made to the profile of inflation.

The headline rate of 1.2 per cent for June is, of course, misleading. Cuts in mortgage rates have been worth 1.5 per cent points over the past year, and this bonus is likely to fall out of the annual comparison by early next year. The underlying rate is nearly 3 per cent.

Why did I get it so wrong? Partly because I assumed there would be a comprehensive post-ERM rebalancing of economic policy. Interest rates would be cut very sharply, perhaps in stages to 4 or 5 per cent, and taxes would be increased, almost certainly indirect taxes of the kind that push the retail prices index higher. Sterling would fall a long way.

These drastic measures, I thought, would be necessary to address the structural problems which show up in the notorious twin deficits, £50bn this year on government finances and £20bn on trade. If these policies had indeed been followed, I believe underlying inflation would now be around 5.5 per cent.

In fact, the Treasury brought interest rates down, grudgingly, to only 7 per cent before being ordered by the prime minister to cut to 6 per cent in January (which was the last change). The sterling exchange rate index, about 92 this time last year while the UK was still in the ERM, reached a low of 76.0 in February but has recovered by about 7 per cent since then.

More than half of the fall against the D-Mark since Black Wednesday has

been regained (although sterling is still down by a quarter against the dollar and by a third against the yen). Taxes have scarcely been raised so far, although VAT will go on household fuel next year and Kenneth Clarke, the chancellor, is pondering whether to bite the bullet on taxes in his November Budget.

The prospect after Black Wednesday seemed to be one of a painful but rather short adjustment in which real incomes would go down and profit margins would be widened. I was not much concerned about the danger of a permanent increase in inflation (the monetary fuel for such an acceleration is absent) but, rather, about a one-off upwards shift in the domestic price level.

The problem now is that the re-balancing process remains sadly incomplete. It is hard to see a return to balance between imports and exports at this level of sterling.

Companies are finding it hard to raise prices – indeed, a price war broke out among national tabloid newspapers this week – while the big consumer brand names in food and detergents are under heavy margin pressure. People in work are still enjoying rises in real incomes, even though earnings growth has dipped below 4 per cent.

This brings me to the other reason why I was too pessimistic about inflation. The labour market has reacted with amazing restraint to the floating of sterling. Earnings growth was very slow to decline during the two years that the UK spent within the ERM, and it certainly seemed unwise to expect that pay increases after last September would become any more moderate than during the mid-1980s, when unemployment levels were roughly similar and pay inflation usually fluctuated between 6 and 8 per cent.

Yet, it is obvious that conditions in the labour market are, in fact, now quite different, perhaps because the fear of unemployment is much more widespread than it was a decade ago when manufacturing industry bore the

brunt. Or perhaps it is that people are fooled by a headline inflation rate of 1.2 per cent – although I doubt it.

In fact, some people are arguing that the UK, along with most of the economies of the western world, is being gripped by profound deflationary forces connected with banking industry contraction and the competitive power of developing economies in the production of traded goods. The OECD expects average inflation in the developed economies to fall to 2.5 per cent in 1994.

Global bond yields are continuing to trend strongly downwards because of the weakness of inflation (the UK's own long gilt yield fell below 8 per cent this week). But the gilt market is still discounting inflation of about 4.5 per cent, judging by the real yield on the index-linked, and the City of London consensus is that headline inflation will rise to about 4.5 per cent by the end of next year (some leading forecasters are expecting 5 per cent, partly because indirect tax rises will at last be coming through). These inflation forecasts, however, are tending to be revised downwards all the while.

It could be that the more moderate behaviour of the labour market will rescue the government's half-hearted strategy. But the risk is that because headline inflation will be rising next year, it will impose a delayed shock while the economy is recovering, thus giving a push to pay inflation; it would have been better for there to have been an instant shock while labour market confidence was at rock bottom last autumn and winter.

Meanwhile, the structural imbalances in the economy pose a background threat; while things are going well, they can be financed easily, but if there is a mishap of some kind, they could easily generate crises of confidence in the gilt-edged and foreign exchange markets. That is why it would be so much better to see the back of them sooner rather than later.

To help cure them we need, you might say, a little bit more of the right kind of inflation. But I am not going to make any more forecasts.

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MARKETS

London

Is the bull market finally extinct?

By Maggie Urry

WORKING FROM only a small sample of DNA, stock market scientists are trying to recreate the bull market of 1993. Why, they are asking, did the beast which roamed the London markets until relatively recently die out?

After all, living conditions for the voracious animal have been near ideal. Economic news has been better than even optimists hoped, and the positive macro environment has been confirmed by some good corporate news. With those lush green shoots to satisfy its appetite, how could the beast have starved? Yet the equity market, which started in January with high hopes of a third year of growth, is now down on its opening level.

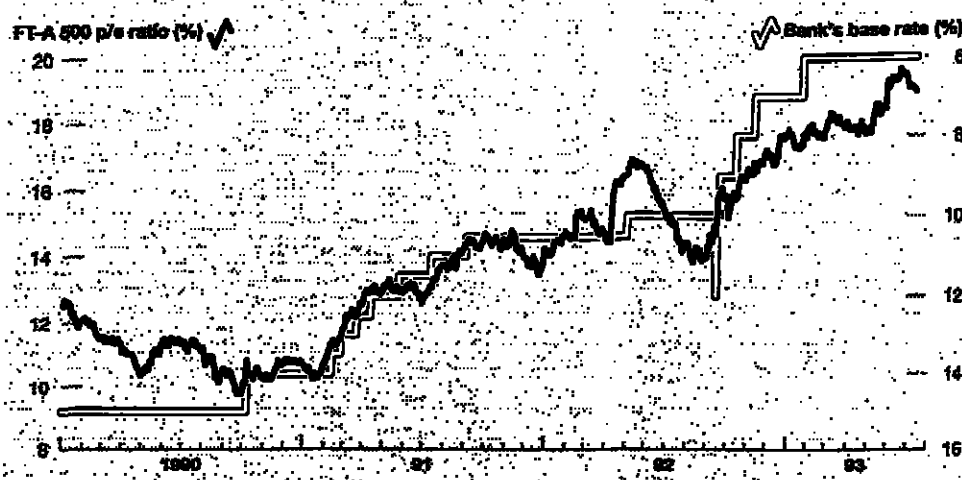
Many of the scientists are hopeful that the creature has not actually died. They point out that the equity market as measured by the Footsie index, although down from over 2900 in the last three weeks, is still only a few points below the

2846.5 it stood at on January 2. Were it dead, signs of degeneration would be setting in and the index would be much lower. Further, on the second tier index - the mid 250, or Tootsie - the market is up 12 1/2 per cent so far this year.

In fact, rather than having starved to death, the scientists think that their pet has been stupefied by a diet of excessive stock.

The final mouthful proved to be the \$5m BT3 issue which was weighing heavily on the stomach up to the end of the trading week, when the offer closed. On top of \$7bn of new equity in the first half of the year and the heavy sales of gilt-edged stock the government has had to make because of its budget deficit, it is not surprising that even such a giant animal, too stupid to realise when it has overaten, has been stopped in its tracks.

P/e ratios rise as base rates fall



Dick". His remedy is either a short, sharp fall in the index to clear the indigestion, or an Alka-Seltzer in the form of a base rate cut.

He points out that in the few weeks up to the BT3 share sale, in December 1991, the Footsie fell from 2550 to 2400, but it recovered, all that amount in the following few weeks. The same could happen again.

So how is the economy faring, according to this week's economic statistics? The first was the manufacturing output numbers for May, released on Tuesday. These were unexpectedly good, with total industrial production up 2 per cent.

Then on Wednesday came news that inflation was running at only 1.2 per cent in June, the lowest level for nearly 30 years. The holy grail of economic growth combined with low inflation almost

seems within grasp.

Thursday was even better, with unemployment falling yet again, productivity up 10 1/2 per cent in May - a 13-year high - and average earnings up 3 1/2 per cent, a 26-year low.

Judging by these figures, Norman Lamont can feel vindicated and justified in his backhanded compliment to Kenneth Clarke in the House of Commons on Thursday. As for Clarke, after only two months in charge he might consider resigning now while he is well ahead.

The good economic news was backed by some positive corporate news. Marks and Spencer's annual meeting was a cheery affair, with the chairman reporting a good start to the current year. And two estate agents, Savills and John D Wood, reported a return to profits, the latter only in the last quarter of its financial year.

But perhaps the most interesting was from Rover, the car company owned by British Aerospace, which reported worldwide sales up 13 per cent in the first half of the year, including a 5 per cent rise in continental Europe at a time when every other car maker is suffering sharp falls in car sales there.

Rover illustrates just what a bonus the devaluation of sterling has been to the UK's exporters, a competitive edge industry would be loath to lose via a recovery in the pound.

So the chancellor may already be thinking about the next cut in base rates, which could reawaken the bull market. As the chart shows, the relationship between falls in base rates and the rise in the market's rating is close.

If European interest rates were to fall again, and push sterling higher, the temptation to cut rates would increase. While on the one hand a rise in the pound helps keep inflation down, a cut in base rates, if passed through to lower mortgage rates, would also ward off a likely rise in inflation later in the year. Lower interest rates would also help if the economic recovery began to falter - a probability given what has been happening in the US.

Elsewhere in the corporate Jurassic Park, Great Universal Stores is planning to mutate into a modern being with the ending of its two-tier share capital and a new-style, Cadbury approved board structure. GUS's shares have been steady performers for years, though never disappointing. Perhaps that was not down to its voting structure - by which the \$4.7bn company was controlled by holders of 2.2 per cent of its shares - but to the fact that it has been converting from a retailer to a property and finance group.

Of its annual pre-tax profits of \$478m in the year to March, a quarter was interest receivable on its cash pile of more than \$1.3bn, 17 per cent came from its non-retailing trading activities, and another 10 per cent was rental income from its properties.

But if GUS moved into the present this week, Tiptop, the trailer and container leasing group, re-entered the corporate equivalent of the primeval slime. After a \$21.8m loss for the year to end April and a switch to using dollars as its accounting currency, the shares were downgraded to "speculative" by the Standard & Poor's rating agency.

Serious Money

Just how private are your affairs?

By Scheherazade Daneshkhu

THE RIGHT to privacy is one which people have every reason to expect from those offering professional services. You would not expect your doctor or accountant to give away details of your health or finances without your permission, and if you found out that insurance companies or tax inspectors were surreptitiously obtaining such information, you would have every reason to feel outraged.

Customers expect the same degree of confidentiality of their banks, yet this week serious concerns were voiced about the way in which banks hold and release information about their customers' accounts.

Sir Bryan Carsberg, the director-general of fair trading, said that banks were breaking their own voluntary Code of Banking Practice, which was introduced in March 1992 to improve bank/customer relations.

Under the Code, banks are not allowed to disclose customer information unless it is at the request of or with the consent of the customer.

This is to prevent customers being pestered by bank subsidiaries, such as their insurance arms, trying to sell them products. An increasing proportion of banks' earnings is made through such "cross-selling" of financial products.

However, banks have been getting around this requirement in a manner which Carsberg described as against "the spirit and perhaps even the letter of the Code."

Tactics include requiring the customer to tick a box only if they do not want information about themselves disclosed and making the provision of services dependent on consent being given. Entry to some competitions or the opening of some accounts is also on condition of consent being given.

In other cases, rather than

supplying a subsidiary with customers' addresses, the bank itself sends out junk mail on its behalf. This can be refined so that financial information is indirectly passed on to the subsidiary - for example, by telling the subsidiary that customers with a minimum balance will be sent mailshots, so that the subsidiary will know which are the most creditworthy customers.

Some customers with a healthy bank balance have received cold-calls at home or their place of work by a bank's financial marketing arm inviting them for a chat in order to sell them pensions and other insurance-related products.

This was the sort of behaviour which the Code of Banking was meant to stop but clearly it has not been enough. Earlier this month, the National Association of Citizens Advice Bureaux called for a statutory code to regulate banks' behaviour. It found worrying breaches of confidentiality to third parties. In one case, a man's parents were telephoned and told that unless his \$370 overdraft was paid off, bailiffs would be sent round to the parents' house.

Eric Howe, the data protection registrar, also expressed his doubts this week that customer confidentiality is being upheld because banks and other institutions sell information about creditworthy customers to credit reference agencies.

These agencies are used by stores and lenders to rate the credit risk of applicants. They supply details about bad debts and county court judgments against the applicants to those who are authorised bodies. When an individual wants to borrow money, it seems reasonable that the lender should want to know something about them.

Under the Consumer Credit Act, individuals have a right to

see the information which is held on them by a credit reference agency. This is particularly important for those who find they are being denied credit, since banks can and do make mistakes and it can be a long time before incorrect information is spotted - and even longer before it is amended.

Howe pointed to worrying developments in the way that this information is gained and used. A black market in confidential personal information is growing because the security systems of banks are being breached and a loophole in the law protects the bank from prosecution. Unauthorised individuals have been able to get information about a person's bank account or credit ratings by calling a bank and pretending to be a tracing agent - a licensed organisation which specialises in debt collection - or by bribing bank staff.

If the information is obtained through this kind of deception, the bank cannot be prosecuted for passing on the information. The problem is so serious that Howe has called for a parliamentary enquiry and has suggested changes in the law.

For the consumer, these are worrying developments. There was always a strong suspicion that the Code of Banking Practice was little more than a public relations exercise on the part of banks, and the clarity with which banks have got around their own guidelines will do nothing to diminish this impression.

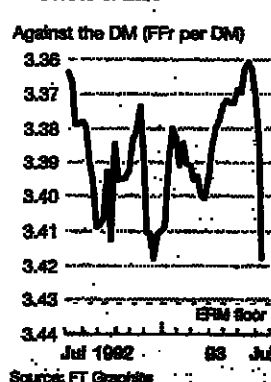
A committee headed by Sir George Hunden, a former deputy governor of the Bank of England, is reviewing the Code and any changes will be introduced next March. But this may not be enough. Breach of confidentiality is a serious matter and if a voluntary code is not enough to halt excess, a statutory one may be needed.

HIGHLIGHTS OF THE WEEK

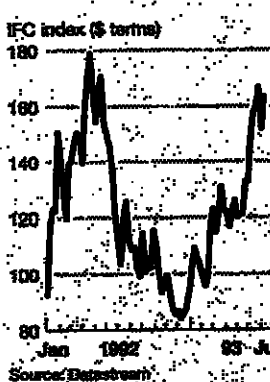
	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2833.0	-10.2	2957.3	2737.6	Funds switched out of London
FT-SE Mid 250 Index	3217.5	-19.3	3241.7	2876.3	Quiet ahead of BT3
BAT Inds	436	+20	507	407	Morgan Stanley recommendation
BT	408 1/4	-7 1/4	445 1/4	376	Carr Kitch, Kleinwort negative
Gray Electronics	149	-12	164	108 1/2	4 per cent stake placed
Great Univ Stores A	1910	+176	1920	1563	Enfranchisement news
Lloyds Bank	587	+20	590	482	Hopes of Standard stake sale
MEPC	448	+23	452	315 1/4	Buoyant property
Mirror Group News	147	-20	167	88	Tabloid price wars
Next	177	+13	178 1/2	138	Hopes of GUS tie-up
Smith (WPI) A	446	+12	498	400	Dual voting change hopes
Standard Chartered	948	+48	948	578	Squeeze/sold talk/sigs soon
Tiptop	251	-37	382	173	Profits fall
Unilever	959	-50	1249	949	Price war, fears
United Newspapers	518	-24	593 1/4	480 1/4	Tabloid price wars

AT A GLANCE

French franc



Brazil



Franc under pressure

The French franc was under pressure on the foreign exchange markets this week, prompted by decreasing economic growth and high real interest rates, together with the Bundesbank's decision not to cut official German interest rates. The franc has come under periodic pressure over the past year, before the Maastricht referendum and the general election, and also because of market worries about economic problems, but it has resisted resignation within the ERM. Sterling's position outside the ERM, combined with favourable economic data, has enabled it to strengthen against other European currencies, but summer holidaymakers will still find exchange rates in Europe far less attractive than last summer, before sterling's exit from the ERM.

Brazil bounces back

Brazil was the best-performing emerging market in Latin America in the second quarter, according to the quarterly monitor of emerging markets from Fund Research. The market rose 24.8 per cent in US dollar terms in the three months to July 1, and has risen 49.1 per cent in the year to date. The strong performance in spite of high inflation is attributed to political stabilisation and signs of economic recovery. In Europe, Turkey dominated emerging markets, rising 58.7 per cent in the second quarter. Global emerging market funds ran a close second to Asian funds in the last quarter, outstripping Latin America and Europe by a considerable margin, Fund Research says.

Halifax share deals offer

Halifax building society is to offer an execution-only share dealing service to all customers from early August, and to selected customers from this week. The service will be operated by Sharelink and will provide telephone dealing service for quoted shares and other investments such as gilts. Commission of 1.5 per cent will be charged on orders up to £2,500, with a minimum of £21.50, plus stamp duty and stock exchange contract levy, 0.75 per cent up to £5,000, and 0.1 per cent above that. A postal selling service for popular shares, such as privatisation issues, will charge 1.25 per cent, minimum £15. Halifax will also offer an information service with reports on companies.

Dunedin looks east for recovery

Dunedin Fund Managers this week launched a Japanese investment trust to take advantage of what it sees as early signs of recovery in the Japanese economy. Shares are offered in units, priced at 500p, of five shares with one warrant attached. The warrant entitles the holder to buy one ordinary share at 100p in the month of September in any of the years 1995-1999. The minimum initial investment is £250, and the offer period closes on Friday July 23. For the first five years, Dunedin will donate 35 per cent of the 1 per cent annual management fee to the charity Barnardo's, to be used for a series of community projects around the UK. In exchange, Barnardo's is sending details of the fund to its 185,000-strong mail list.

Name change for trust group

Rothschild Asset Management has changed the name of its New Court unit trusts and restructured the charges. Since July 15, the New Court name has been replaced by Five Arrows, a name derived from the Rothschild crest. The name has been in use in other parts of the world for some time. The initial charge for unit trusts was reduced from 6 per cent to 5.25 per cent on July 15, and the annual charge will be increased from 1.25 per cent to 1.5 per cent from October 14.

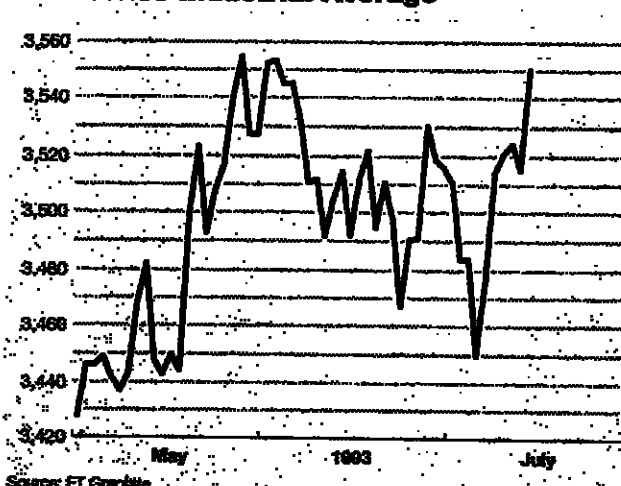
Smaller companies recover

Shares in smaller companies slipped slightly during the week, but then recovered. The Hoare Govett Smaller Companies Index (capital gains version) ended virtually unchanged from last week's figure of 1466.88 at 1466.88.

Wall Street

Dow climbs through corporate wreckage

Dow Jones Industrial Average



picks itself up out of recession and exporters continue to struggle against the twin handicaps of a strong dollar and economic weakness in Europe and Japan.

And then there were the disaster stories. Procter & Gamble's announcement that it planned to shed around 13,000 of its 108,000 jobs around the world took \$2 off its share price during the

week. The shares were trading at \$50 1/2 at midday in New York yesterday. News of the restructuring at Apple Computer wiped no less than 87 1/2 from the share price, taking it down to \$28 1/2. Such news continues to act as a reminder that the climb out of recession will be a slow and painful one for some of the biggest companies in the US.

At current levels, the

prospective price/earnings ratio of stocks in the broad-based S&P 500 index stands at an ambitious 22.5, according to Birinyi Associates, a research firm. That may be lower than the 24.1 market p/e at the start of the year, but it still represents demanding expectations of earnings growth.

And with share prices rising faster than dividends, the average dividend yield on stocks in the S&P 500 has fallen to below 2.8 per cent. Falling bond yields at least offer support for the market at that level: as yields on bonds have plummeted faster than those on equities, the gap between the two has dropped to less than 4 per cent, well below its average for the 1980s. Any fall in the differential below this level would have led to the 1970s and 1980s, before investors learned to fear inflation, and would require considerable confidence that low inflation was really back to stay.

While Wall Street continued to wait for news that would give a new momentum to

share prices, perhaps the general tone of buoyancy during the week was accounted for by something altogether different.

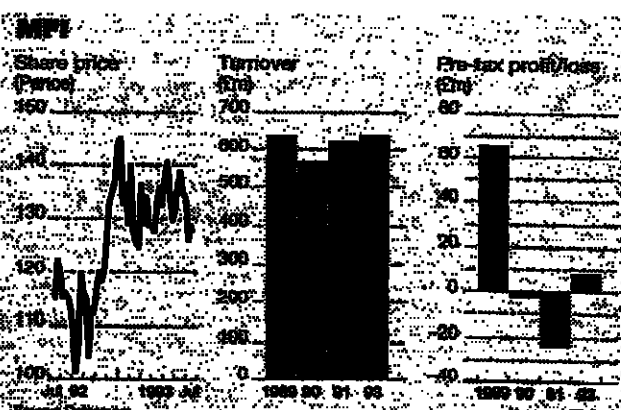
Given the chunky bonuses they are likely to receive this year, it should not be surprising if traders are feeling optimistic. Merrill Lynch recorded second quarter profits up by a half, to a record \$354m. JP Morgan, which has managed the switch from commercial bank to trading house faster than most, saw profits in the same period climb by a third. The share prices of brokerage companies are around their all-time highs, back from the depths of the late 1980s. The markets may still be trying to decide whether the latest bull phase has further to run, but the boom times have certainly returned for New York's financial district.

Richard Waters

Monday	3524.38 + 3.32
Tuesday	3515.44 - 8.94
Wednesday	3542.55 + 27.11
Thursday	3550.93 + 8.38

The Bottom Line

A chill year for MFI



centage reductions it was making, but the actual prices customers would pay for goods.

It is also refitting its stores, improving the display of beds and sofas, employing more specially-trained staff, and increasing the range of flat-pack furniture. Some 56 of

MFI's 175 stores have been refurbished, and have shown a 6 per cent average sales increase. More stores will be updated this year.

MFI reduced overheads by 7.2 per cent last year. Analysts believe there is more to come. The staff has been reduced by

820, and pay frozen this year. The company has reduced occupancy costs in some of its larger stores by subletting surplus space - providing rental income likely to reach \$8.5m this year - and by buying the freeholds.

The company says the introduction of a computer system across the group will lead to further savings.

But MFI has still to prove it can raise sales as effectively as it can cut costs. Analysts are fond of referring to MFI's very high operational gearing, which means even a small swing in the right direction would significantly boost the bottom line. A 1 per cent rise in sales for MFI, they say, adds about \$3m to profits, and some are already talking of \$50m profits this year, assuming further productivity improvements and a sales increase of about 4 per cent.

But that means sales must continue to improve - Hunt said on Monday they were running about 3 per cent ahead of last year - and MFI must avoid last year's mistakes.

Some observers believe MFI may reap less benefit than expected from any economic upturn, as its product offer is not as strong as it was a few years ago, and it faces growing competition not just from the likes of B&Q, but from Ikea, the Swedish furniture superstore operator.

On the other hand, MFI is a clearly focused business, with nothing to distract it from its furniture stores, and its management enjoys respect in the City and among other retailers. "Derek Hunt is one of the best operators in the business," said one rival retailer yesterday. "If things aren't going right he knows how to respond very quickly."

Given the question marks, however, many analysts believe MFI's shares, at about 128p, are high enough, even if the economic barometer finally swings towards "set fair".

Neil Buckley

FINANCE AND THE FAMILY

Sickness need not harm your wealth

Permanent health insurance can provide a decent income if you are too ill or disabled to work. Bethan Hutton explains the advantages

ALMOST 1m people of working age have been off work sick for more than a year at any given time. State sickness pay, at £52.50 a week, is hardly enough to meet most people's financial commitments, and company sick pay does not last forever.

The arguments for permanent health insurance, which provides an income if you are too ill or disabled to work, would seem clear but it is often described as the most under-sold form of insurance. Only 5m people in the UK are covered by a PHI policy.

Around 50 companies offer PHI (sometimes also called income protection or income security insurance). The basic policies are all very similar, promising to pay up to 75 per cent of your normal income, less state sickness benefits, if you are unable to work due to sickness or an accident for more than a few weeks. They continue to pay out until you recover and return to work, or until you reach retirement age.

How much you pay in premiums depends on the level of income you want to insure, your job, sex, age and state of health. Insurers will refuse some dangerous jobs, such as the armed forces and some oil industry workers, and will charge far more for heavy manual workers than for white-collar workers.

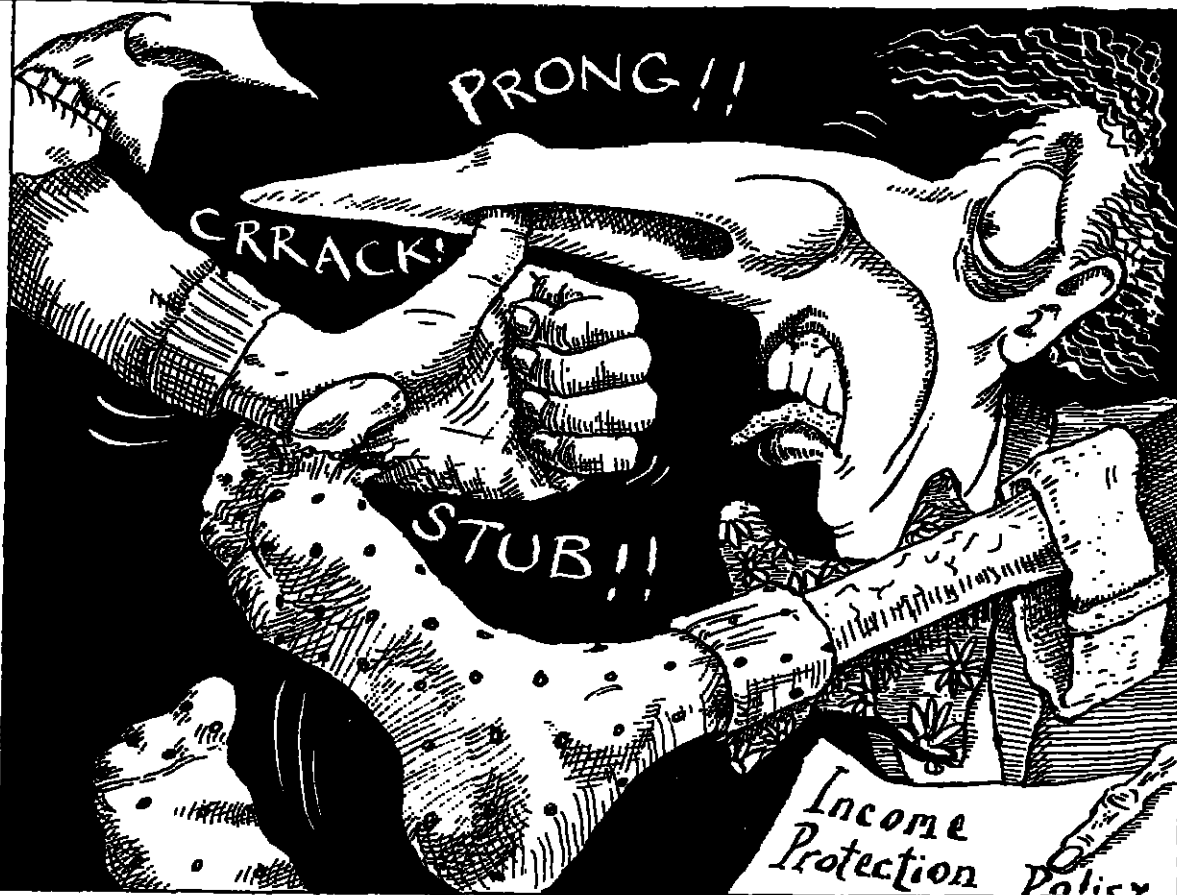
Women pay less for life assurance than men but, when it comes to PHI, they can pay up to 50 per cent more. The companies cite statistics that women are more likely to be off work through illness than men and take longer to recover.

Some insurers offer reduced premiums for non-smokers, but others argue - unlike life insurance - that there is no evidence of increased levels of claims under PHI from smokers.

Mark Bolland, of independent financial adviser Chamberlain De Broe, says: "The main thing to look for is cost - at the end of the day, this is a very premium-driven market. You are then looking at flexibility, in terms of whether or not the policy is index-linked or level and whether or not there is any proportionate/rehabilitation benefit."

An important factor in deciding the premium level is how long you are prepared to wait after falling ill before having payments start. This will depend on your employer's sick pay arrangements and your level of savings.

A minor accident causes massive income-threatening injuries to a parfumer, a professional tiddly-winker and a top sock-model!



pay arrangements and your level of savings.

Self-employed people often need benefits to start after one or two months because their income dries up as soon as they stop working. Employees may find they are covered by company sick pay for six months or a year, so can afford to wait until that runs out.

The longer the deferred period you choose, the cheaper PHI becomes. The shortest waiting period available is one month (although some companies do not offer this); the longest is two years. The most common periods are 13 and 26 weeks.

The other choice to be made is between level and increasing cover. Level means that the benefit remains the same and decreases in real value because of inflation; increasing gives you the option of premiums rising by a set 5 or 7.5 per cent a year, or being index-

linked, with the benefit going up in proportion.

With some policies, the benefit level will rise by 5 per cent a year while you are claiming, but will return to the original level when you return to work.

'Companies cite statistics that women are more likely to be off work through illness than men and take longer to recover'

PHI has been available for several decades, but claims have been more frequent recently and for longer periods than insurers had previously experienced. This has left some companies with a shortfall and a choice between raising rates, changing the premium structure or pulling out of the market.

"Some insurance companies are

moving towards reviewable premiums so that they can cover themselves against a sharp increase in claims," says Bolland.

A reviewable policy means that the company can increase your premiums at its discretion if claim lev-

els are higher than expected. But Friends Provident and Sun Alliance are two PHI providers which still offer guaranteed premiums for the life of the policy.

A number of policies are unit-linked so that they build up a cash value over the years. This can act as a cushion to prevent premiums rising immediately if the company

is hit by high claim levels. It can also provide a cash lump sum when the policy expires or the holder dies.

The sum will be very small in relation to total premiums paid, however, and probably non-existent in the early years. PHI policies are not designed as savings products. Most policies last until retirement age, but some companies offer renewable policies which are for a fixed term, usually five or 10 years. At the end, you have the option to renew the contract without further underwriting but with higher premiums.

Companies which offer only reviewable premium policies will need to be notified if you change your job, and may increase your premiums if the new job is seen as higher risk, but the ones which have guaranteed premiums will not usually make you pay more in these circumstances.

All companies exclude war disabilities, and injuries or illnesses caused by alcohol or non-prescribed drugs. Attitudes to customers becoming HIV positive vary. Some companies will cancel a policy automatically if the holder tests HIV positive. Others will keep it in force but pay out only if the person is unable to work because of an accident or illness unconnected to HIV, such as a broken leg from a car crash.

Normally, the insurers will pay out if you are unable to do your own job. But there are some occupations where insurers specify they will pay only if you are unable to perform a job for which you are "reasonably suited by education, training or experience." This usually applies to professions such as airline pilots where even a minor problem, such as poor eyesight, can end a career. Some jobs normally have an earlier retirement age than 60 or 65, and the policy will incorporate that.

It is obviously in the companies' best interests to encourage you to return to work as soon as possible. For this reason, most have a rehabilitation option which allows partial payments if you return to your old job part-time as you begin to recover. Most will also pay proportionate benefit if you take up another less well-paid occupation while still unable to do your normal job.

Some insurers offer housewife/husband policies which will pay a benefit if you are bringing up children or looking after the home but cannot do this because of illness. There is usually a standard level of benefit, around £100 a week, under such contracts.

High earners need to check carefully how much of their salary a policy will guarantee to replace. Some have relatively low limits, offering 75 per cent of salary only up to around £30,000, and perhaps as low as 25 per cent after that. The maximum salary which can be covered under individual policies is in the region of £120,000.

Benefits paid under individual PHI policies are tax-free until after one complete tax year has passed. Thus, if you start claiming in May one year, you could receive up to 23 months' benefit free of tax. This does not apply to employees covered by a company scheme, where benefits are taxed immediately under PAYE.

Where to find a PHI policy

THE FOLLOWING is a small selection of companies providing PHI, but many others offer similar policies. An independent financial adviser can help you to find the best one for your circumstances.

Unless otherwise stated, the premiums quoted are for level cover for a male white collar worker who is 35 next birthday, earns around £40,000 and wants the maximum sickness benefit possible, retiring at 65 with a 15-week deferred period and for a woman with the same details except for a retirement age of 60. The premiums quoted are for illustration and are not strictly comparable.

■ **Friends Provident.** Guaranteed premiums. Maximum benefit £1,000 a week. For benefit of £480 a week, a man's premium would be £43.24; a woman's £38.12. ■ **Norwich Union.** Reviewable premiums. Maximum benefit £78,000 a year. For a benefit of around £2,083 a month, the premium would be £48.20 for a man, £37.16 for a woman. ■ **Permanent Insurance,** a subsidiary of the Medical Sickness Society, which insures doctors and dentists. Reviewable premiums. Maximum benefit £1,000 a week. For benefit of £521 a week, a man's premium would be £44.35 and a woman's £38.97.

■ **Prime Health,** a specialist health insurer. Reviewable premiums for benefit of £2,000 a month, increasing by 5 per cent, would cost a man £33.80 a month and a woman £43. ■ **Standard Life.** Reviewable premiums for benefit of £2,257 a month, assuming a retirement age of 65 for both with cover increasing by 5 per cent, would be £58.02 for a man and £52.97 for a woman.

■ **Sun Alliance.** Guaranteed premiums. Maximum salary coverable £120,000 a year. For benefit of £480 a week, the man's premium would be £45.99 and the woman's £37.74, with non-smoker discount.

'Monopoly' under fire

Commission queries private medical practices, reports Bethan Hutton

A COMPLEX monopoly situation exists in private medical care and the behaviour of parts of the medical profession and private health insurers could be against the public interest, according to a letter from the Monopolies and Mergers Commission which is investigating the industry.

The inquiry started in September and one of its provisional findings is that 9,500 NHS consultants last year fixed more than half of their fees for private medical services at, or very close to, figures in the British Medical Association guidelines - or scales set by the British United Provident Association and Private Patients Plan, two of the main private medical insurers.

The commission's final report could be published in October.

"We have identified a number of 'issues', or respects in which the behaviour of the BMA, BUPA and PPF, or of consultants, might be thought to be against the public interest," the commission said. The issues include whether fee-scale publishing has led to charges being higher than would otherwise have been the case, or has reduced regional variation.

At present, patients must be referred to a consultant by a GP before medical insurers will meet a claim, and they will not pay for services not provided by an NHS consultant or someone holding another approved qualification.

The commission questioned if these practices were bad for competition and against the public interest. If it decides they are, the way could be opened for non-UK qualified consultants to practice in the private medical sector.

The letter also asked "whether any benefits to the public interest result from the practices of fee scale-following by consultants or fee scale-publishing by the BMA, BUPA and PPF."

Bupa's David Bryant said of the letter: "There could be some major implications for the industry. Our schedule of procedures is mentioned; and if that had to be removed, then that would change the basis on which we conduct our business with our customers and the medical profession. We would need some other method of paying claims."

He suggested that Bupa's schedule of benefits actually acted as a ceiling for medical costs. Charges on the BMA scale are usually higher than BUPA's schedule.

Among possible remedies put forward by the commission - on which consultants and other interested parties have been invited to comment - were:

- Prohibiting the BMA from publishing its guidelines.
- Stopping consultants fixing charges with reference to published guidance.
- Prohibiting private medical insurers from reimbursing claims according to a tariff.
- Requiring consultants to itemise their charges.
- Stopping differentiation between insured and non-insured private patients.

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FINANCE AND THE FAMILY

So you think your pension is safe...

Most are - but there is a minority of cases where employers have gone bust. Debbie Harrison examines the risks

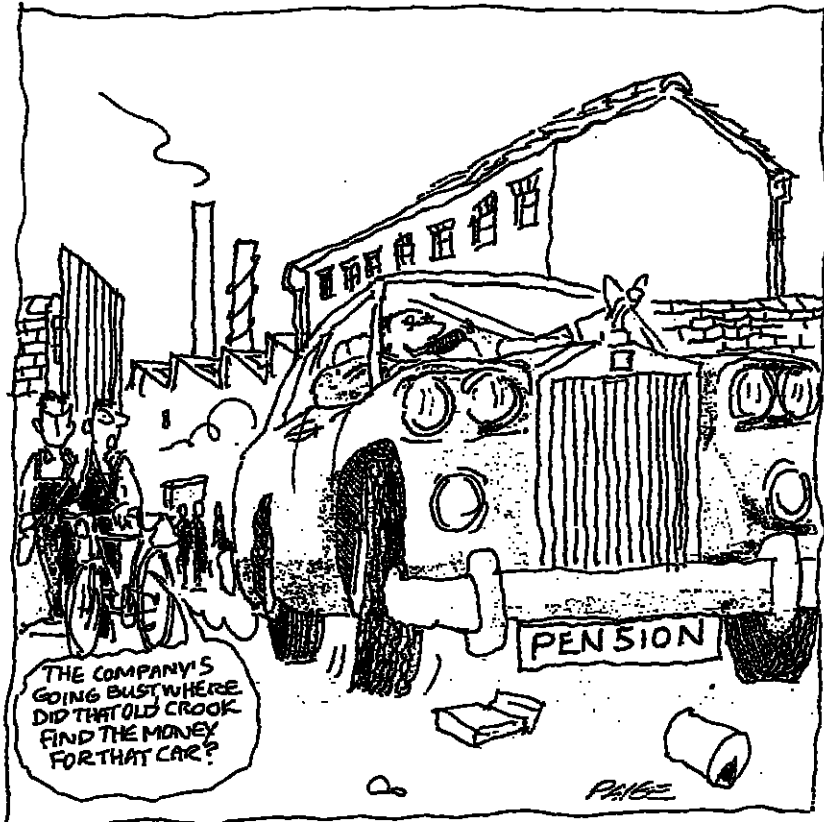
THE MAXWELL case made many pension scheme members realise, perhaps for the first time, that their money could be lost if their employer went bust. In 1992 alone, more than 34,000 companies in England and Wales became insolvent and similar figures are expected for this year. Investigations show that a small but significant minority of these had tapped into the pension fund.

When an employer becomes insolvent, the company pension scheme has to be wound up in accordance with the trust deed. This means that the scheme is terminated, legally and the assets are either transferred to another scheme, as might happen in the case of a take-over or merger, or are used to buy annuities from life offices to provide present or future pension income for members.

Ellison Westhorp, a London firm of pension solicitors, has produced a free guide* which provides practical tips on how to check that pensions are safe. The firm stresses that most UK company schemes are protected by comprehensive regulation and have adequate assets to meet their liabilities as well as reliable trustees to safeguard their interests.

Even where there is no suspicion of fraud, though, the time taken to sort out benefits can be unnerving. The important point is knowing when to panic and when to leave things to the professional. According to the guide, typical pension problems at insolvency include:

- Delays in paying your pension or your transfer value to a new scheme.
 - Difficulty or delay in finding out information, especially about who is in charge of the scheme.
 - Lower benefits than you expected.
- Ellison Westhorp recommends that if your employer goes bust, you should check that the insolvent practitioner has appointed an independent trustee. His role is to make sure members are represented fairly in dividing the spoils, and to reassure worried members that the correct procedures are being taken.
- Under the Social Security Act 1990, this appointment must be made where the insolvent employer ran a final salary scheme - that is, one which provides a pension linked to a member's final pay. Any delay in appointing an independent trustee can endanger your pension benefits, particularly if the employer was the only (or dominant) member of the trustee board and is suspected of serving his own interests rather than those of the scheme.
- Moreover, where the original trustee board has dispersed, the insolvent practitioner might become the sole trustee. This can lead to a conflict of interests unless there is an independent trustee to provide a balance, since the insolvent practitioner's main duty is to collect as much money as possible for the creditors - not for the pension scheme.
- Certain delays in disentangling pension benefits from the insolvent company are both understandable and reasonable. In



order for the scheme to be wound up, it is necessary for its assets to be collected and turned into cash. In practice, this takes time, especially if the fund had direct investments in property; in this case, it might take several years to wait for the market to turn in order to get a good price.

Other delays may relate to the administration of the scheme. Records on each member's length of service, salary and transfers into the plan, for example, could be incomplete and the independent trustee must fill any gaps before the scheme's liabilities can be assessed fully. The guide advises members to write to the insolvent practitioner or independent trustee to check their personal records are complete and accurate.

If the independent trustee is able to wind up the scheme, he could hit problems when he attempts to buy annuities. Insurance companies must set aside substantial reserves for these, but Ellison Westhorp's Robin Ellison says many insurers do not have the capacity to handle bulk annuity purchases because they have "burnt" their reserves on insurance claims or have taken too much new business.

Ellison warns: "When it comes to bulk purchases - say, of 100 members - the insurance companies haven't got the solvency margins to take on the business and our experience is that, at present, it's a waste of time and money to try."

Where the employer has tampered with the pension fund - as happened in the Maxwell case - the scheme is likely to be

in deficit and unable to pay members' benefits in full. Since the Social Security Act 1990 came into force, any deficit in the scheme becomes a debt on the employer. Unfortunately, it does not have the status of a preferential debt; thus, the independent trustee will have to compete with all the other unsecured creditors after the Insolvency Revenue and those with debentures or mortgages have taken their shares.

Explaining the likely implications for members if the scheme is in deficit, Ellison says: "What can happen is that all benefits are reduced on a pro rata basis before the annuities are purchased. Alternatively, the trustees may decide to pay current pensions out of the pot and review the position of the rest of the members in a year or two when the legal and financial position is more clear."

One word of warning. You might feel anxious to get your money out of the company fund as quickly as possible but, ideally, you should wait until all the scheme assets have been collected and your position is clear. It is important to review all your options carefully, you should not consider transferring to a personal pension before taking independent advice.

If you have a complaint about your pension, put it in writing to the independent trustee. If you are dissatisfied with the response, contact the Occupational Pensions Advisory Service (OPAS).

*For a copy, write to Ellison Westhorp, 52 Carter Lane, London EC4V 5EA. OPAS, 11 Belgrave Road, London SW1 1BB.

Unit Trusts / Scheherazade Daneshkhoo

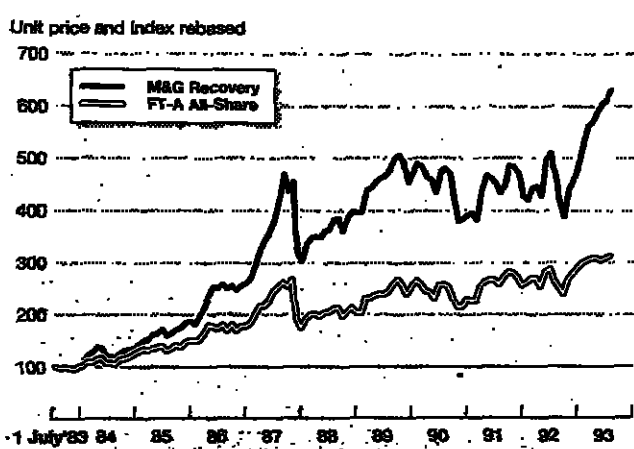
Slow start, strong Recovery

M&G has been to unit trusts what Walt Disney was to animation. Its First British Fixed Trust, launched 62 years ago, was a new kind of open-ended investment fund and founded the UK unit trust industry. Today, Municipal & General has 31 unit trusts and its Recovery fund, with £1bn assets under management, is one of the three largest of the country's 1,490 unit trusts.

Launched in 1939, it has had only two managers. David Tucker ran it from inception until 1987, when Richard Hughes was eased into the job after being recruited from Derbyshire County Council a year earlier.

Originally, Recovery went against conventional investment principles by choosing companies that most people thought would fail, says Hughes. The public was unimpressed, and the initial subscription was only £200,000. But this approach has sprouted

M&G Recovery



at least a dozen funds outside M&G since then, and Recovery's performance over 10 years has been impressive (as the chart shows). It has easily outstripped the FT-Actuaries All-Share, but performance has suffered over five years because of the recession. Only

in the past few months has it again overtaken the FT-All Share after several years of underperformance.

Recovery funds do not prosper in times of deepening recession because they invest in companies which are already in difficulty. "The fund

had a very bad time in 1974 which knocked confidence but, after that recession, the money came in," says Hughes.

"Things went quiet again in the 1981/82 recession. By 1983, the size of the fund was £85m. David Tucker could not see it growing by much more, but then we had very high inflows in 1986 until 1991."

The original philosophy has been refined through trial and error. The companies chosen today are not ones which are simply doing badly - their problems must be of a particular nature. They might have bad management or a weak balance sheet, or the shares may be falling because of fraud or a particular disaster.

Hughes avoids investing in companies which depend on a turn in the economy for improved performance. In all cases, the price of the shares must have fallen and the company must have the potential to make a good profit once it tackles its problems.

The trust holds 90 stocks but Commercial Union, Charter Consolidated, Royal Insurance, T & N and Cookson account for 18-20 per cent of them. Recovery's sheer size means it can, and does, influence the strategy that a company in which it invests should take in order to "recover" (although, as a unit trust, it is restricted to a maximum holding of 10 per cent of a company's share capital).

"Nearly £60m has gone into rights issues of one sort or another in the first half of this year," says Hughes. "Companies know that without a change in management we will not provide new capital. If we are already shareholders and things start to go wrong, we will put pressure on the non-executives to change the management."

Cookson, the industrial materials company, is one of many companies which has benefited from new money injected by M & G. Hughes started buying into Cookson in March 1991 when it launched a rights issue. The shares were 128p; they are now around 210p. Money was also put into Granada, the leisure group, after poor profits and the resignation of the chief executive

led to a rights issue in June 1991. Hughes bought at 150p; they are over 400p now.

Recovery is predominantly UK-based but it sometimes ventures overseas. One of Hughes' best stocks was Quantum Chemicals, a US petrochemicals giant, which he bought just three months ago at \$12.25. Earlier this month, Lord White, chairman of Hanson Industries, bid \$20 and Hughes was quick to sell.

On the negative side, one big disappointment has been Greycoat, the property company, which Hughes bought for 400p at the end of 1990; he stopped buying when the shares hit 46p in June 1992. Shares in Ferranti Industries, the electronics and defence concern, which were hit after the 1989 discovery of fraud in its US subsidiary, have not performed, either, but Hughes remains hopeful. "Recovery fund managers are always optimistic," he beams.

What of the drawbacks of operating a large fund with so many stocks? One of the restrictions is sometimes having to reject smaller recovery shares which look appealing, although Hughes says only 30 per cent of the fund is in FT-100 companies. He runs Recovery himself; the only additional input is from colleagues who hold the same companies. "We are long term, so we do not jump in and out of shares. I meet the companies once or twice a year."

It can take a long time for companies to recover and, with 45 per cent of the stock in the fund for more than five years, M & G Recovery is like an enormous charabanc, taking new passengers on board continually. "We hold on to shares in the hope that a dog will one day become a star."

Charges
The initial charge on the units is 5 per cent, and the bid-offer spread on July 14 was 5.5 per cent. The annual charge is 1 per cent and the minimum investment is £500. The minimum monthly investment into the savings scheme is £50. Recovery qualifies for full PEP status; there are no extra charges for the PEP.

BES seeks £20m

£2,000 and the scheme is backed by cash deposits with Nationwide.

Sponsor Neill Clerk has released two cash-backed contracted exit schemes. Leeds Metropolitan Halls aims to raise up to £10m for new student accommodation at Leeds

Metropolitan University, formerly Leeds Polytechnic. The exit price is 123p for every 100p invested, which is the equivalent to a return of 14 per cent a year for a higher-rate taxpayer and 9.8 per cent for a lower rate-payer. The minimum investment is £1,000.

Southampton Student Halls plans to raise £7m for accommodation for Southampton University. The exit price is 123p for every 100p invested, equivalent to 13.8 per cent for a higher-rate taxpayer and 9.6 per cent for a lower rate-payer. Both Neill Clerk schemes are cash-backed.

S.D.

Directors' transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Babcock Intl	EngG	32,100	11	1
Bilton	Prop	95,654	562	4
Blenheim	Med	140,000	620	1
Brown (N)	Stor	200,000	788	1
BTP	Chem	62,624	173	1
Courts Furniture	Stor	2,500	17	1
Danmans Electricals	Elec	5,000	17	1
Electrocomponents	Elec	100,000	408	1
Hodder Headline	Med	264,500	918	2
Liberty	Stor	5,000	18	1
London Scott Bank	Chfr	25,000	20	1
Lowndes Lambert	Med	277,450	1,101	6
Macro 4	Elec	17,000	113	1
Maudsley (John)	C&C	10,290	17	1
Olives Property	Prop	230,000	78	1
Plasmas	EngG	15,000	10	1
Polypipe	Chfr	1,000,000	1,350	1
Scapa Group	Chfr	58,086	150	1
Volex Group	Elec	88,855	379	1
Walmouths	Med	2,059	15	1
PURCHASES				
Ansam Int'l	Hth	2,000	16	1
Asprey	Stor	1,419,450	3,790	3
Atrous	Chfr	200,000	38	1
Blenheim	Med	93,000	414	6
Kelsey Industries	Chfr	18,668	47	1
Midland Russell	Chfr	91,000	77	1
Sandri Murray & Elder	Med	100,000	126	1
Shires Inv Trust	Chfr	18,500	25	1
South Wales Elec	Elec	2,000	11	1
Thorn EMI	H&L	1,250	11	2
Transfer Technology	EngG	36,000	165	5
Wife Group	Chfr	500,000	105	2
Wife Grp Warrants	Chfr	4,161,507	669	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 5-6 July 1993. Source: Directors Ltd, The Inside Track, Edinburgh

HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's					
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84% A/y
Birmingham Midshires BS	First Class	0902 302090	Postal	£500	6.75% A/y
Northern Rock BS	Postal	0500 505000	Postal	£2,000	7.05% A/y
				£20,000	7.55% A/y
NOTICE A/c's and BONDS					
Bradford & Bingley BS	Direct Notice	0345 247247	30 Day	£1,000	7.00% A/y
				£25,000	7.75% A/y
West Bromwich BS	180 Day	021 525 7070	180 Day	£50,000	8.10% A/y
Chelsea BS	Premier Vill	0800 272505	30.9.95	£10,000	8.00% A/y
MONTHLY INTEREST					
Britannia BS	Capital Trust	0800 054456	Postal	£5,000	6.55% A/y
Bristol & West BS	Balmoral Monthly	0800 100117	30 Day	£25,000	7.55% A/y
Bristol & West BS	United Endorsed	0800 486487	31.01.95	£25,000	7.80% A/y
Chelsea BS	Premier Vill	0800 272505	30.9.95	£10,000	8.00% A/y
TESSAs (Tax Free)					
Hindley & Rughy BS		0455 251294	5 Year	£25	8.05% A/y
Dunfermline BS		0383 721821	5 Year	£25,000	8.50% A/y
National Counties BS		0372 738702	5 Year	£3,000	7.90% A/y
Dudley BS		0584 201414	5 Year	£10	7.87% A/y
HIGH INTEREST CHEQUE A/c's (Gross)					
Caledonian Bank	HICA	031 558 8235	Instant	£1	5.50% A/y
Chelsea BS	Classic Postal	0800 717515	Instant	£25,000	8.85% A/y
Northern Rock	Current	0800 591500	Instant	£50,000	7.07% A/y
OFFSHORE ACCOUNTS (Gross)					
Woolwich Guernsey Ltd	Woolwich Int'l	0481 715735	Instant	£500	8.25% A/y
Confederation Bank Jersey	Flexible Investm	0234 505050	30 Day	£10,000	8.75% A/y
Derbyshire (JOM) Ltd	90 Day Notice	0624 830432	90 Day	£50,000	8.00% A/y
Bristol & West Int'l Ltd	Int'l Premier	0800 333222	6 Mth	£5,000	6.55% A/y
GUARANTEED INCOME BONDS (Net)					
Consolidated Life FN		081 940 8343	1 Year	£2,000	5.00% A/y
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.75% A/y
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.25% A/y
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.45% A/y
Consolidated Life FN		081 940 8343	5 Year	£2,000	6.75% A/y
NATIONAL SAVINGS A/c's & BONDS (Gross)					
Investment A/c			1 Month	£20	6.25% A/y
Income Bonds			3 Month	£2,000	7.00% A/y
Capital Bonds G			5 Year	£100	7.75% A/y
First Option Bond			12 Month	£1,000	6.54% A/y
NAT SAVINGS CERTIFICATES (Tax Free)					
40th Issue			5 Year	£100	5.75% A/y
8th Index Linked			5 Year	£100	3.25% A/y
Childrens Bond E			5 Year	£25	7.85% A/y

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. A = Initial deposit of £5,000 or £100 per month required. B = Rate fixed until 1.10.93. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR28 0SD. Readers can obtain a complimentary copy by phoning 0692 500877.

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MINDING YOUR OWN BUSINESS

Entrepreneur with bottle

Nick Garnett on a manager who went solo

HARRY DRNEC recently heard himself described on radio as a millionaire drinks man. "I got a big kick out of that one. I'm broke, but happily so."

Drnec is an American, a big-company manager who turned his back on corporate life and bought his own company. His is a breed found more rarely among British executives whose entrepreneurial zeal seems to crumble in the corridors of corporate HQs. However, the route to wealth can be tortuous even for the brave.

Drnec is a 46-year-old former pilot. He was European marketing director of Anheuser-Busch, the largest brewer in the US. In 1983 he fell out with the Busch family and left.

"I love London and wanted to stay here. I took a look at the jobs market. The best salary I could get was maybe \$50,000 to \$60,000 a year. I had been making \$120,000. It's difficult to retrain. Beer was the only industry I knew."

Using borrowed money Drnec, whose family roots are Czech, paid \$5m for a small drinks distributor, Maison Caurette, which already had a regional distribution agreement for Beck's and had begun distributing Sol and Michelob. Under Drnec sales have jumped from \$18m to \$50m. Maison Caurette makes a pre-tax profit of \$2.5m to \$3m and has a workforce of 155. But big borrowings weigh heavily on its new owners. "I can't take a profit until there is an exit route for the other investors in the company. Maybe it will all come good in five to 10 years."

Maison Caurette is a study in company acquisition by borrowing and of running a small business in a fragmented industry in which, says Drnec, "the level of jealousy is incredible."

His first piece of fortune was knowing an accountant and a solicitor prepared to work while deferring their fees for a year. The next was persuading the East End Jewish entrepreneurial owner of Maison Caurette to sell. "It was a very difficult set of negotiations. It took between July 1988 and November 1988. He was one of the toughest negotiators you could ever meet."

Granville, a merchant bank, fed in \$2.5m of equity and Security Pacific of the US provided \$5.5m debt cover. "That was the only organisation we could find operating in the UK that would look at shareholding stock as collateral." Since the purchase, \$1m of

funding has been pumped in. Security Pacific has dropped out and Midland Montagu and Bank of Scotland have together committed \$9.5m.

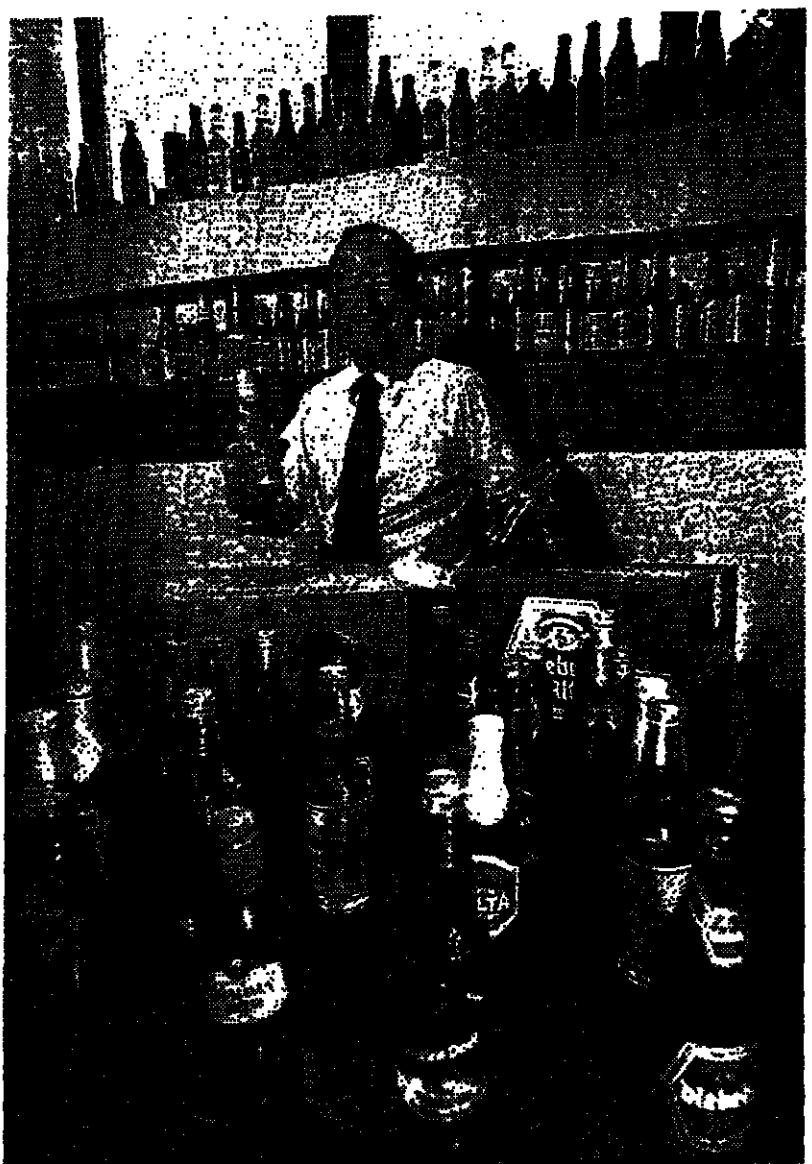
Drnec chipped in just £100,000 of borrowed money and got 32 per cent of the company's shares. "My shares were effectively given to me. The deal was that my shareholding would fall to 22 per cent if I failed to meet targets of a £1m profit in the first year to a £3m profit in the third year."

One weakness of the purchase was that Drnec went in partly blind. "I had only been on the premises twice." The company operated from an archway in London's Waterloo station. "There was one door in and out through which we were shipping 3,000 cases a day and bringing in a similar number. The roof leaked when it rained heavily and you could only stack one pallet high." The following year the company moved to a bigger, 60,000 sq ft site in Bermondsey at £6 a sq ft yearly rent. The computer system was replaced for \$50,000 and credit days reduced from 90 days - "that was horrific" - to 63 days.

Maison Caurette has tripled sales in four years. One reason is the growth of so-called premium imported lagers, sometimes called "designer" beers, to the annoyance of the trade. Drnec has added a number of imported beers, including Miller Genuine Draft, the Finnish lager Kulta, "that's my favourite", as well as Chilean wine. Beer accounts for 80 per cent of sales. Another source of growth was the effort to spread sales beyond the circle of the M25 motorway. "We now sell something to every major supermarket multiple in Britain and every national cash and carry, as well as to 32 of the top 35 brewers and 197 wholesalers."

The company aims to secure distribution rights for more imported brands and make a bottom line return of 7 or 8 per cent. "If a distributor is making more than that, he is either incredibly efficient or is taking the piss out of the consumer."

Drnec has found a few things difficult to absorb. One is his inability to establish profitable working relations with wholesalers. "It's been almost impossible to use other wholesalers in a successful way. They are not into business breaking. They're more into business buying. We'll sell to a wholesaler in Birmingham and he'll try and sell at 35p less back to our own customers in London. These parallel sales are out-



A heady brew: Harry Drnec left Anheuser-Busch to buy his own company

while the brewery I sell to passes it on to a wine bar for £17.50 or £18. This makes everybody look like a dickhead."

Drnec is also irritated by North American beers - like some types of Coors and Molson - brewed under licence in the UK but sold at close to import prices. "It costs £1.10 to ship a case across the ocean and import duty adds perhaps £1.60, so where does the £2.70 go in the price? Some companies are screwing up a free lunch."

Like many American managers, Drnec is energetic, open and a little showy. He tests products on visitors (in my case, peach-flavoured iced tea). He has a simple ethos in an industry where so many take a piece of the profit. "You should get a fair return for hard work. Never look at what the other guy gets. Are you happy with what you get? That's what you should ask yourself."

Maison Caurette, 1 Lamb Walk, London SE1 3TT. Tel: 071-403-9191

The company that recut its cloth

THERE WAS only one way to save the family firm. At the age of 63, Malcolm Mackinnon put the £350,000 house he had owned for 22 years on the market. He and his wife then lived in a caravan for 18 months until a new, more modest, house could be built on part of the plot he had kept.

The funds released helped fend off the bank, to which Textra owed nearly £1m. The company stabilised its affairs by pruning the workforce from 98 to 33 and closing its London showroom and Keighley warehouse.

Textra is one of a handful of textile converters of its type in the UK. Textile converters smooth the path between the manufacturer and big customers: wholesalers, stores or large organisations such as a government department. They help manufacturers to produce the fabrics customers want to buy.

But the recession was bad news for companies such as Textra, which specialised in UK-produced designs and fabrics and were dependent on a buoyant home market.

"Being specialists in furnishing fabrics we are heavily geared to the property market," said Mackinnon, managing director of the family company. "Three years ago when we had to take our drastic steps not only was the property market on the way down, but interest rates were rising and I had just bought out my partner. On top of that our annual turnover was dropping."

"I just managed to sell my house and half the land for £300,000 before the price dropped heavily. Even with the redundancies we fell from £70,000 profit in 1988-89 to a loss of £124,000 the following year."

It was not a happy experience for a man who might have been looking forward to retirement when the company he started in 1963.

Another blow was the decision to close the company's showroom and headquarters in the West End of London, close to the premises of other leading names in furnishing fab-

rics, including the former Sanderson headquarters, where Mackinnon had learned his trade in the early 1950s.

"It was a worrying time transferring so much from central London to Abingdon and converting an ugly 1960s interior into a stylish showroom. We had to use all our talent," said Mackinnon's daughter, Penny Hill, Textra's sales director.

"We wondered how we would fare without a London presence, but there was no alternative. A lot of people in the capital thought it was the end. But for various reasons other companies in the business moved out of the West End at about that time, so that

Clive Fewins describes the action that saved a textile firm from the recession

softened the blow a little."

Abingdon-on-Thames may seem a strange location for a textiles company. Mackinnon had taken a lease of the 14,000 sq ft building in 1971 when the family moved house from London to a village nearby. Most of the workforce was there so it seemed logical to make Abingdon the headquarters.

"We find the majority of customers are happy to come to see us here," said Hill. "We have to make more of an effort to pull them in, but when they arrive here we have their undivided attention."

The Textra collection comprises British designed and manufactured furnishing fabrics. About 50 per cent of turnover comes from government contracts. Hill or Vivian Edwards, the contracts manager, frequently visit the buyers from the National Health Service or Ministry of Defence. Visitors to the showroom include retailers such as Harrods, Marks and Spencer and John Lewis, hoteliers or interior designers.

"We go out of our way to cater for them every September, when we erect a tent within the warehouse for our annual autumn event. We also run monthly courses for our customers in the Abingdon showroom," said Hill.

Textra is designed. Although it does not weave or print fabrics it is entirely responsible for the design, whether that originates from one of the two in-house designers, or from the many freelance Textra users.

"Father has a wonderful eye and many years of experience," said Hill. "We are a close family and often we have a family discussion before finally deciding on the final colourways of a design or the weights and mixtures of a set of fabrics."

Mackinnon's wife Mary, who was company secretary until she retired last year, son Tim, who is technical director, and son-in-law Paul Lewis, the warehouse manager, all play a role in this. This year Textra has added 12 designs to its collection of around 150.

Mackinnon is confident that Textra has turned the corner. "It was very traumatic having to make so drastic a change," he said. "Some of the people that went had been with us since the age of 16. But now I look back, I am convinced it was the only possible course."

"After three years of losses and a constantly diminishing turnover we are confident that we have come through it and that the year that ended in April will show a small profit."

"I realise that when I founded the company 30 years ago I went for the hard option in sticking to all British designs and fabrics. But I do not regret this. We still produce some of the finest furnishing fabrics in the world."

"It was the currency crisis of last October that has helped our recovery. As a result of the devaluation of the pound we have become far more competitive overseas. Doors that were closed before are now slightly ajar."

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LEGAL NOTICES

No. 00903 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
THAMES TELEVISION PLC
- and -
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 1st July 1993 presented to Her Majesty's High Court of Justice for the winding up of the above-named Company from £125,000 to £250,000 and for the reduction of the Share Premium Account of the said Company by £594,825.16.

AND NOTICE IS HEREBY GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice Strand London WC2A 2LL on Wednesday the 28th day of July, 1993.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the winding up of the said Company or for the reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED the 17th day of July, 1993
Solicitors for the said Company
BCL JMD
Solicitors for the said Company

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FINANCIAL TIMES
FUND'S BUSINESS & WEALTH

Revenue doesn't need to know about gifts

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

I INTEND to give my nephew £3,000 a year until I die. Can I take it that this will be free of death duties and also free of tax on him? Am I obliged to tell the Inland Revenue about it?

■ This gift falls within your annual exemption. There is no need to inform the Revenue so long as this exemption has not been exceeded.

For the record, if you were to give more than £3,000 (so that it became a potentially exempt transfer), you would not need to tell the Revenue at the time. The gift would need to be notified by your executors only if you died within seven years of making it, in which case the potentially exempt transfer would become chargeable.

This reply was provided by Barry Stillerman of accountants Stoy Hayward.

CGT has no age limits

I RECENTLY sold my house, which I bought in 1969. It consisted of four flats, one of which I occupied.

The Inland Revenue has indicated I might have to pay capital gains tax, based on its value as of April 1982 and the price at which I sold it.

As a pensioner, I thought I would be exempt from CGT. How can I obtain a 1982 valuation?

■ There is no maximum (or minimum) age limit for CGT. Ask your tax office for the free pamphlet CGT14 (Capital gains tax: an introduction) and CGT16 (Indexation allowance: disposals after 5 April 1982).

It is a pity you did not ask your solicitor about your CGT position before the house was sold. Even at this late stage, it will probably be best to go back to him for help since he knows (or can readily establish) the relevant facts and figures as well as the relevant CGT law and practice (or, at least, will probably have a colleague who does).

In particular, he can (presumably) help you in your negotiations with the district valuer over the market value of the house at March 31 1982, taking into account the terms on which each of the flats was let on that day.

You are likely to need the services of a surveyor (or other land agent). Perhaps the estate agent who acted for you in the

ing the cash flow use of the money, but could be saving tax, by a deed of variation.

Assuming that his wife has not made any previous chargeable gifts, then it would be possible for her to make annual gifts of £3,000 using her annual exemption. If she has not made any gifts for the previous year, she can make a gift of £6,000 in this tax year.

The most tax-efficient arrangement would be for a sum to be transferred to her by way of a deed of variation so that her eventual chargeable estate was valued at £150,000 and was, thereby, covered by her own nil rate band.

If we assume that she was able to give away, say, £5,000 using the annual exemption, then this would reduce her chargeable estate to just under £100,000.

Therefore, a deed of variation transferring £50,000 to her would bring the chargeable estate approximately in line with the nil rate band, so that no tax would be payable. This could give rise to tax savings of around £20,000.

It is to believe there is merit in the deed of variation and that this matter could be put to the other beneficiaries. I can also confirm that reasonable funeral expenses are deductible for inheritance tax purposes.

This reply was provided by Barry Stillerman of Stoy Hayward.

Peps are separate

A HUSBAND and wife each invests £8,000 in a personal equity plan using money from a bank account held in their joint names. One partner dies - say, the husband.

Is his PEP investment allowed to be part of his estate, or do the accumulated funds transfer to the survivor? Is the answer affected by the two investments being with the same plan manager?

■ PEP investments made by a husband and wife would form part of their separate estates. It makes no difference who the plan managers are. Any remaining funds within a bank account in joint names would pass automatically to the other holder of the joint account.

This reply was provided by Barry Stillerman of Stoy Hayward.

PERSPECTIVES

The Victorian fraud legacy

Andrew St George on the morality handed down to the City of London's brokers, insurers and bankers

ON FEBRUARY 17 1856, a Sunday, a suicide was discovered on Hampstead Heath in London. With the body was this note:

I can not live - I have ruined too many - I could not live and see their agony - I have committed diabolical crimes unknown to any human being. They will now appear, bringing my family and others to distress - causing to all shame and grief that they should ever have known me.

I blame no one, but attribute all to my own infamous villainy... I could go through any torture as a punishment for my crimes... but I can not live to see the tortures I inflict.

The note, written the previous evening, belonged to John Sadler MP, junior Lord of the Treasury, chairman of the Royal Swedish Railway Company and of the London & County Joint-Stock Banking Company. His crime? Fraud. He dared not name it. Nor had he, at his death, been convicted.

Sadler issued £150,000 in false shares from the Royal Swedish Bank of £200,000. He was a smart Dublin solicitor with a modest lifestyle thought incompatible with vast fraudulence. *The Times* described him as a "national calamity."

His offence was to break the rules which, then as now, governed our confidence in each other and confidence in the future. Today's frauds

ran on probity. Speculation was the supreme sin and charity the supreme virtue, although buying cheap and selling dear was felt by many to be part of God's grandeur.

Moreover, when frauds were discovered, the Victorian system put fraudster and victim in close proximity. One of the greatest cases of fraud was that of Sir John Dean Paul, of the bank Strahan, Paul & Bates, which lost money in the 1850s in mining and railway drainage. By June 11 1855 the bank's liabilities were £750,000. One creditor, the Rev Dr Griffiths, prebendary of Rochester (who was owed £22,000) had the partners arraigned under the Fraudulent Trustees Act.

position.

Fraudsters in the 1850s were every bit as colourful as our own. Leopold Redpath was the most anomalous of all. An insurance broker from the Peninsula and Oriental Steam Navigation Company, he perpetrated the Great Northern Railway frauds, in which non-existent stock was issued. He combined successful swindling with high moral reputation and a benevolent career.

A city commentator wrote: "Never was money obtained with more wicked subtlety; never was it spent more charitably. The thief and the desperate criminal were intertwined with the philanthropist."

The Redpath revelations followed the frauds of Sadler and William Robson, the great Crystal Palace forger. While Redpath took the philanthropic route to acceptability, Robson took the thespian way. The acute and creative Robson made the ideal fraudster: he had the sense to know what to do and the wit to carry it out.

In 1854, he joined the Crystal Palace Company as chief of the transfer department, reporting to the company registrar, who noted Robson's aptness and "his engaging and agreeable manner." Robson sold shares in the name of Johnson (his brother-in-law), "witnessing" the signature himself. His fraud netted £27,000. When arrested, he was writing a play called *Love and Loyalty*.

Amid much partying and sailing with friends, he bought and lavishly furnished Kilburn Priory. He fled to Scandinavia, but was found in Copenhagen, the first fraudster to be captured by means of the telegraph. In November 1856 he was sentenced to 20

years' transportation. Robson was tried on May 10 1850 at the Old Bailey for stealing a £1,400 cheque, but technical objections clogged the case. He was finally convicted of stealing "a piece of paper of the value of 1d" and sentenced to 10 years' transportation. He never left. He killed himself at Newgate.

Throughout the Victorian period the City of London was as skittish as the fraudsters who flourished in it. Market crises in 1837, 1847, 1857 and 1866 saw railways, banks and insurance companies fail, a process exacerbated by limited liability legislation in 1855 and 1862, and by the Bank Indemnity Bill of 1857. The descent of mania in the City was a social phenomenon riding on changes in attitudes to money, making and spending it.

The City remained essentially Victorian until the 1960s - still run by brokers, jobbers, insurers and bankers. Insider dealing was how money was made. Everyone did it, because information was a social commodity exchanged on the grouse moor and not via the modem.

One merchant bank chairman from the 1930s said: "The whole object was to know something nobody else did. Inside information was what one expected; one needed a good story from the stockbroker, whereupon the stock was duly bought. Sometimes it worked, sometimes not."

Throughout the 1960s, new and more technical investment tools developed. The Eurodollar bonds pio-

'From 1958-1959 the gentlemen retired and the players took over'

neered by Warburgs or the unit life insurance pioneered by Hambros began to shift investment away from traditional means. The City's Victorian legacy reached down the century as far as the great City battle over British Aluminium in 1958-59. From then on, however, the gentlemen retired and the players took over.

Yet a permitted amount of insider dealing and advance information was allowed. This seemed to prevent out-and-out fraudulence, since a decent amount of money could be made. But with the arrival of wider, more direct and more public share ownership, and with increasingly complex communications and investment vehicles, this world was bound to change.

The basis of trust between individuals and the money society which controlled money manners changed rapidly in the 1970s and 1980s, so that the scope for fraud became international. In many cases white-collar crime operated offshore, in foreign markets.

There is still scope for fraud, conducted more circumspectly than by the great Victorians. In the first four months of 1993, £271m in fraud was reported (the total for 1992 was £871m). Simone Weil, the French philosopher, thought fraud the most heinous of crimes, because it affected large numbers of people who had never harmed you and whom you would never see. It was a breach of trust magnified many times over.

■ Andrew St George's book, *The Descent of Manners*, Chatto & Windus, £20, will be published on July 19.



City gent: policed not by self-regulation but by rules of behaviour

The scene at the Central Criminal Court was pure moral drama. Sir John and his two partners were sentenced to 14 years' transportation. *The Times* obituary described Sir John in 1888 as "a once notorious character."

That Victorian moral legacy survives. The shame of the current Lloyd's insurance losses is the breach of trust between individuals. The Lloyd's crash is a social affair, played out in Home County drawing-rooms. While bright particular stars such as Swaleh Naqvi of the corrupt BCCI or Octav Botnar of Nissan illuminate the firmament, fraud remains the most social of crimes: it depends on others' trust and it is maintained by social

Redpath became a governor of the St Anne's Society for impoverished gentlemen, and of Christ's Hospital. His philanthropy was a mockery of the benevolence shown by, say, George Peabody in the 1860s; it was a form of social insider dealing within Victorian middle-class society. Redpath had lied to his wife, waiting at her Weybridge house as he was arrested. A detective appeared and she fainted at the news that her husband was a forger and a thief. He was caught by accident in 1856 when a messenger was intercepted with incriminating papers, and deported in 1857. His financial expertise would prove useful in Australia.

Robson, in turn, had modelled himself on the brilliant Walter Watts, a clerk at the Globe Assurance Company. Watts emerged from obscurity in 1844 to buy and manage the Marylebone Theatre and the New Olympic in London in the late 1840s. City opinion later supposed that Watts' theatrical speculations were the cause rather than the result of his crimes. Watts used an antiquated share-dealing system which based the company's accounts on its banker's pass-book, a form of out-dated company etiquette. It cost Globe Insurance £700,000 (laundered through Watts' bankers) between 1844 and 1850.

As They Say in Europe Still Harry Lime's town

TO THE British, the French and Italians, Europe consists of those three states, plus the Germans. Then there is a jumble of funny countries, mostly new, dotted about the middle and a large beach called Spain. And finally there are the boring countries. They have often been neutral, mostly outside the EC and now trying, for some unfathomable reason, to get in.

But they are not always boring. I find Austria interesting, as do the natives who resent the fact that this once great power plays such a diminished role on the world stage. The latest lament came in a column by Willy Hillel in the *Vorarlberger Nachrichten*. He had just been in the US. The experience led him to write: "For the world's leading power, the USA, Austria is *de facto* non-existent."

He added that the only time his little country had made the news in the US was during the Waldheim outcry. The former Austrian president made a considerable impact as a result of the omission of the more interesting aspects of his war service in his autobiography. US ignorance of Austria is something of which I have some experience: when I lived in Vienna I regularly received mail from the US which reached me via Sydney. I understand the New South Wales postal department has a full-time employee whose job it is to forward letters from Australia to Vienna.

In spite of this widespread ignorance and apathy, there is much that deserves a wider audience. The outside world does not appreciate the steady flow of scandals such as the \$200m that disappeared in the construction of Vienna's general hospital, the anti-freeze additive in wine affair, the curious system for procuring fighters for the air force and much else. Last month a former chancellor was in court (he was acquitted) while one of his ministers got nine months over illegal arms exports.

The latest scandal, if that is the word, has blown up over the state of the Roman Catholic Church in Austria. To get to the bottom of it all I needed a guide from the Hamburg weekly, *Die Zeit*. Like everybody in north Germany I find something vaguely ludicrous about Austria, but on this occasion wrote gravely that the present Pope's "counter-reformation" had left a deeper impression on Austria than on any other country in Europe. This explains the preoccupation of the domestic press with religious issues. The second biggest tabloid, *Kurier*, has been running a series entitled "The flight from celibacy." It

is briskly written stuff. "Herbert Bard was a priest for only two years in Vienna-Breitensee when he decided to hang up his soutane and get married. That was 24 years ago. Now he is a priest-without-office and a double father."

The latest upset concerns the bishop of St Pölten, Kurt Krenn. He is widely attacked for being "too conservative." That is an astonishing allegation in Austria, akin to British sports writers criticising the England football manager because his team scored too many goals. But the Austrian catholic church gained a modest reputation for progressiveness because its leaders showed a tepid preference for maintaining the independent "Austro-fascist" state in the face of the challenge of Hitler's more robust version in the 1930s.

Bishop Krenn's conservatism is based on his belief that too much attention has been paid to the gospels rather than church tradition. Opponents say he sees the role of women as *Kinder, Küche, Kirche* (children, kitchen, church). He has the support of the leader of the "Freedom Party," Jörg Haider, who gained fame by proclaiming the virtues of the labour laws of the Third Reich. Since anti-clericalism in Austria tends to be a tendency of the far-right this came as a surprise, but Haider was on his way for an audience with John Paul II who had appointed Krenn to his bishopric.

The bishop has been forceful in his own defence. As *Die Zeit* writes: "In interviews he compares himself with Jesus ('He was also crucified')." Then there was the unusual piece in Austria's biggest selling paper, *Kronen-Zeitung*. A columnist writing under the pseudonym Christianus defended Krenn on the day a local demonstration was due to take place against him. "Jesus also experienced fear which on the night before his suffering took him into profound fear of death on the Mount of Olives."

It turned out that "Christianus" was none other than Krenn himself. So that afternoon 15,000 turned up in rain outside St Pölten cathedral where thunderous applause greeted the appeal from Father Udo Fischer: "Mr Bishop, it's enough, resign. The Vatican has given us a present. We are sending it back." Since I receive the Austrian papers a week late and nobody else reports events from that country, I am sorry to say that I do not know if the call has been successful.

James Morgan

■ James Morgan is economics correspondent of the BBC World Service.

■ From Page 1 ourselves on the people of Northern Ireland. There is horror at the prospect that Dublin might have to foot the bill for policing Northern Ireland and subsidising its welfare state. The British Treasury's £3bn annual subsidy is equivalent to a third of Ireland's total tax revenue. Already the Irish Republic spends three times as much on security per capita than the British.

In the Dail there still hangs a copy of the 1916 proclamation of independence, asserting: "We declare the right of the people of Ireland to the ownership of Ireland, and to the unfettered control of Irish destinies." But on the opposition benches, Pádraig Kirby, leader of the Democratic Left and former president of the Workers Party - which sprang out of the official IRA when it declared a ceasefire - is now prominent in the campaign for Ireland's constitutional claim on the north to be amended. He was interned in the late 1950s but renounces terrorism because: "You don't win freedom by denying someone else their freedom. If Britain pulled out, it would be a catastrophe."

Far more immediate are the problems of a 19 per cent unemployment rate. Middle class families who have moved from north to south Ireland complain about low child benefit, the cost of health care or education and of poorer roads.

Northerners' suspicions, particularly of the continuing dominance of the Roman Catholic church, are reflected in inward reappraisal among the Dublin political establishment. "Society in the republic is going through a process of rapid change," says Ivan Yates, a Protestant Fine Gael member of the Dail. "Traditional values and beliefs and the influence of religion are all parts of this process of change."

Thus impetus for unification would have to come from Britain. Backing for unification by consent has come close: it is Labour party policy and, except after a particularly horrendous atrocity, Northern Ireland rarely rates as a political



IRA gunmen at a funeral in County Tyrone

Through a glass, darkly

issue at Westminster. There is a sense of despair and - let us be frank - indifference as long as the number of casualties appears containable.

Formal links between the Conservatives and the Ulster Unionist Party are all but broken. Under James Moynihan, UUP leader, the party's MPs sit on the opposition benches. Statuesque friends of the union like Enoch Powell and Ian Gow have retired or been murdered by the IRA.

Sir Patrick Mayhew, Northern Ireland secretary, says Britain has no economic or strategic interest in Northern Ireland. He uses a careful formula: the province will remain part of the UK so long as a majority of its population want to stay. The Northern Ireland Office would object strongly, but it does not take

much twisting of words to convert that into saying that Britain would back unity by consent.

Andrew Hunter, Tory backbench Northern Ireland committee chairman, complains that the government's policy encourages the "one more heaven" in the IRA.

But indifference now is far from saying that unification could win support among Conservative MPs. Such a move would depend critically on whether a deal could be peacefully achieved. At this point the argument for unification, by consent begins to fall apart. For it is apparent to any visitor to Northern Ireland that there could never be agreement on anything other than that Ulster's tragedy is deep indeed.

It is wrong, for example, to suppose that Northern Ireland's Roman Catholics will soon outnumber the

Protestants. Censuses have been misleading because until recently Catholics were urged by Sinn Féin not to answer the voluntary religion question. So the Catholic population is shown as jumping from 28 per cent to 38.4 per cent over the past decade.

Smoothing out such aberrations, Professor Paul Compton of Queens University, Belfast, reckons the Catholic population is growing by roughly 2 per cent a year. "If you extrapolate that it still gives you between 40 and 50 years before you have a Catholic majority and it will probably be another 20 years before there is a Catholic majority in the voting population. Whether they will all want a united Ireland as well is another question."

But the defences against

encroaching nationalism are already being raised. In a spartan office above a parade of shops in Lisburn, Ray Smallwood and David Adams puff nervously at cigarettes. They are chairman and secretary of the Ulster Democratic Party - ostensibly a fringe unionist party, committed to peaceful means, but regarded as voicing the thoughts of the outlawed Ulster Defence Association, a shadowy umbrella organisation for working class unionists and loyalist paramilitaries.

"The British people of Ulster know," says Smallwood, "that the 1985 Anglo-Irish deal is about a process of unification by the back door." UDP membership, he reckons, is more than 200.

What would happen if unification moved closer? "If my right to self determination was taken

away... His voice trails. He pauses, then looks at me. "All people have a right to self-determination."

That unspoken threat of the protestant population rising in revolt is prevalent across Northern Ireland, not just in the hearts of organised extremists. It worries the Royal Ulster Constabulary. The loyalist terror groups, the Ulster Freedom Fighters and the Ulster Volunteer Force, are not as numerous as the nationalist IRA but other leaders have been purged, replaced by more ruthless, younger commanders. The security forces believe members move in and out, making infiltration harder.

So far they remain largely a reactive force, retaliating against the IRA. The UFF and UVF have access to guns and grenades but as yet have no bomb-making facilities. Arms come from east Europe, South Africa and via pockets of Orange loyalism in Scotland and north England. Financing is via large-scale racketeering and extortion. At a time of perceived crises, however, the number of paramilitaries could quickly rise to wreak havoc across the province. The mostly-Protestant RUC itself, and the Royal Irish Regiment, would be under pressure to avert revolt within their ranks.

In the middle class belt that stretches eastwards along Belfast from Northern Ireland's capital, the stubborn resistance of the Ulsterman is obvious. Talking to locals about unification closes doors, not opens them. Two local businessmen I approached refused to talk, even about the massive scope for cross-border trade (only 5 per cent of the republic's exports are to the north). They were probably sensible - strong words could catch the ears of paramilitaries looking for economic targets.

Go into people's homes, and talk of unification is treacherous. Suspicion of the Irish republic - regarded as a safe haven for nationalist paramilitaries - is rampant. "There is too much history, too many people have been killed. These things are not forgotten. I'd leave the coun-

try," said one professional family man I met.

At Bangor Rugby Club I met Ronnie Boston, former club president and a retired local businessman. The club is a member of the all-Ireland rugby league but limits are firmly drawn: "There was no conscription here during the war," he says, "but 100,000 people volunteered so it would anger me if Britain did announce that it was going to let Northern Ireland go. Our ancestors laid down their lives for the British."

Such realities are not lost on leaders of the nationalist community. John Hume, veteran leader of the Social Democratic and Labour Party, told me that a 32-county Ireland "can only evolve and it can only evolve based on diversity." He does not talk about divided territory, only divided people. "Ireland is already one piece of land." The SDLP looks to the model of European union - even though the Unionist community is among the most Euro-sceptical in the UK.

So the glass walls remain. The most poignant impression is of how the province is seen through prisons in London and Dublin. The republic acts as if pursuing unity but clearly could not accept unification without consent, and consent will not be forthcoming. The UK government wants a locally-acceptable settlement but seems blind to the uncertainty and fear its neutral position creates. At least Ian Paisley is unequivocal.

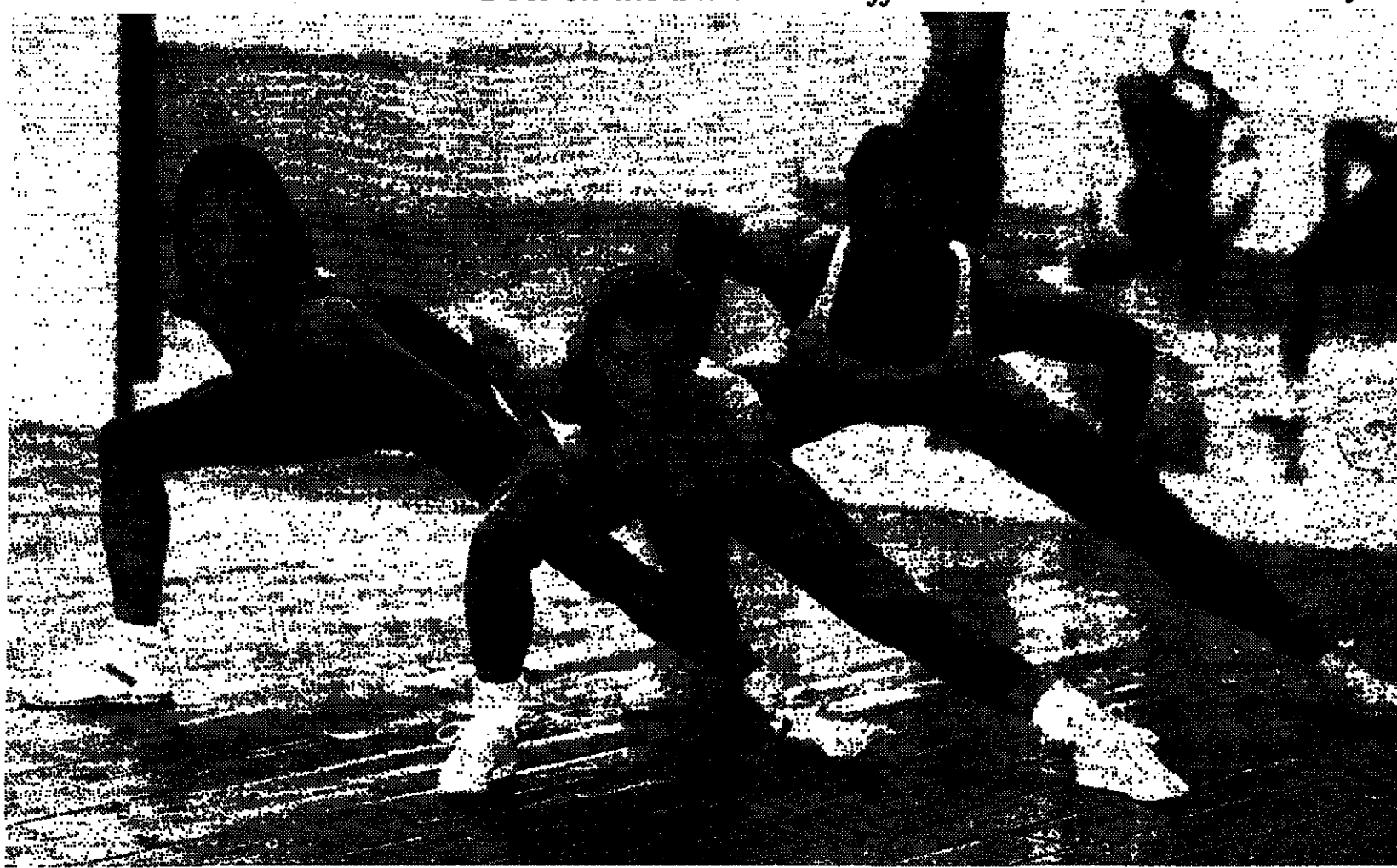
A first step towards peace would be for both governments to be explicit about what they want. Is Dublin serious about unification? If not, why not say so? The air of dangerous confusion might clear. If both governments can agree on the province's constitutional future, a common strategy could be devised to tackle terrorism and economic deprivation. There would be some certainties.

It would be far better than politicians in London and Dublin standing there wondering which side, if any, they should be on.

HOW TO SPEND IT

Fit for a Fiver: test-drive your body

Lucia van der Post on the FT's latest offer which allows readers to try out their local health and fitness centres



Stretch yourself: One of the great mysteries is why, when most agree that some exercise is essential for most people's health and sense of well-being, so few do anything about it

"SHE LIKED going to the gym, or rather, she liked having been to the gym, and the only way to have been was to go." Suzanne Vale in *Postcards from the Edge* by Carrie Fisher.

IN JANUARY, just when most of us were feeling at our lowest, the *Weekend FT* gave readers the chance to lunch for a fiver at many of the country's top restaurants. Now, at the start of the high holiday season, just when our bodies are most on show, the *Weekend FT* offers a chance to get fit for a fiver.

Health and fitness centres are one of the business phenomena of the age. From Land's End to John O'Groats classes in everything from step aerobics and yoga, from cross-training to weight-lifting and Stretch 'n' Tone are on offer while in the treatment rooms the pampering with oils and lotions and potions goes on. No smart hotel wooing sophisticated international customers would hope to get by without a mini-spa and almost every small town has one. But there are plenty of us who have never been near one. If you have ever wondered just what goes on in them or what they could possibly offer you, now is the time to find out.

The *FT's* Lunch for a Fiver offer is a hard act to follow but we believe many of you will jump at the chance to try our Fit for a Fiver scheme. Around 100 top health and leisure clubs have agreed to open up their clubs and allow *FT* readers to sample their facilities for just £5 a time.

All the clubs have been carefully selected - we wanted to give a good geographical spread so that as many readers as possible could benefit and we wanted to make sure the clubs could cope with the demand. Though no two clubs are identical they all have a gym and offer a proper fitness assessment, a range of classes

and treatments and many, but not all, have swimming pools and saunas.

For your fiver you can enjoy everything a member enjoys for half a day, including a fitness assessment and one of the available exercise classes. The specialist beauty treatments and therapies are not included.

The fitness assessment varies slightly from club to club but all should take a verbal history of illnesses and injuries, test the blood pressure, weigh and measure you, do some sort of cardio-vascular test which usually involves

assessing the heart-beat when resting and after several minutes of vigorous exercise. Some add in blood tests, many do fat tests (a most unedifying business - callipers measure the fat at different points on the body), some test oxygen intake, some test cholesterol.

Fit for a Fiver starts today and runs up to and including Friday, August 13. The list of clubs is printed in the box on the right of this page and if you want to have a go all you need to do is make an appointment with the club of your choice, take along the applica-

tion form (also printed here) and present it together with your £5. If you are keen to try, I suggest you lose no time - those who dithered about where to go for lunch for a fiver found that most of the restaurants they wanted to try were already booked up.

Of course, we are not suggesting that any of our readers could possibly become truly fit after just one visit to a health club but what we are hoping is that it may be just the kickstart that many of you need to embark on a sensible sustained programme of exercise. Now is

no doubt at all about the benefits. "The jury is in," he writes - he may be short on colourful phrases but his message is clear - "There can no longer be any doubt that daily habits and practices have a profound impact on long-term health... the decision to lead an active life is one of the most positive steps an individual can take not only to improve quality of life but also to reduce the risk of developing a host of chronic diseases." More than that: "A sedentary lifestyle, is hazardous to an individual's health."

When it comes to health and beauty. When things begin to get her down, a French woman (and in case this sounds sexist let me just say I don't recall any French men having recourse to this particular ploy) can indulge in a small *crise*, nothing too serious, of course, just a little *crise*, of *les nerfs* or *la joie*, depending on her temperament, which then allows her to indulge herself at one of those marvellous *salons de beauté* that are so practised at recognising the intimate connection between health and beauty. There women are pampered and polished, massaged and soothed and, if things are really serious, they go in for a *cure de détente*, from which they emerge all cleansed and rested ready to face the world again.

British clubs are at last adopting something of this approach. Women readers will find many of the clubs absolute havens - no longer cold and draughty with inadequate showering arrangements, most of them now go in for piles of fluffy towels, generous boxes of tissues, plenty of hot showers, hair-dryers, restaurants with delicious (but low-fat) food.

They are places where you can take time out from the world, where you can have any or all of the lovely pampering treatments that are part of today's approach to health and beauty... aromatherapy, massage, facials, manicures, reflexology. You do not need to perform like a hamster on a treadmill or sweat away realigning your muscles. Today health and fitness clubs are much more like the old-fashioned, proper clubs... places where you can go to feel good, to swim or have a massage, take a class, have a meal and meet some friends.

My final thought is that if you take as your motto "If I don't enjoy it I'm not going to do it" you cannot go far wrong. Have a go - you may enjoy it all a great deal more than you think.

Over the next two weeks a selection of participating clubs will be listed daily in the *FT*. The application form will be included on alternate days.

your chance to build up your muscles, to tackle your cellulite, to try out a facial, to get rid of the flab and generally feel better and stronger.

It should give anybody who has been seriously considering joining a gym or health club a wonderful opportunity to see just what they have to offer and to talk through, at the fitness assessment, just what you hope to achieve - greater aerobic fitness, greater suppleness or strength or simply a modicum of gentle exercise such as yoga, some complementary treatments and companionship. If you do decide to join afterwards (and absolutely no pressure will be put on you to do so) a good club should help you find ways of doing all this.

One of the great mysteries is why, when almost everybody agrees that a certain amount of exercise is essential for most people's health and sense of well-being, so few people actually do anything about it. I reported earlier this year how Allied Dunbar (which produced an excellent study on the physical state of the nation) had found that though four out of five people believe some form of exercise is good for them only half of those who believed it ever got around to doing anything about it.

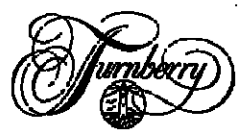
Dr James M Rippe (Associate Professor of Medicine at the University of Massachusetts Medical School) in a series of learned papers on the research into the effects of exercise on people with medical ailments as well as healthy people is in



Women only: the Gym at The Sanctuary in Covent Garden, London

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WHERE TO GET FIT FOR A FIVER

From Saturday July 17 to Friday August 13 inclusive.

To participate in the *FT* 'Fit For A Fiver' promotion, simply:

- Select the club you wish to visit from those listed below.
- Telephone and make an appointment. (Please note that weekend appointments are available at the clubs marked ♦).
- Hand in the application form below together with £5.00 on arrival at the club.

Central London	
The Broadgate Club, 1 Exchange Place, London, EC2M 2QT	071 375 2464
*Chiswick Place Health & Fitness Club, 180 Thames Road, Strand on the Green, Chiswick, London, W4 3FG	081 995 0696
*Cottiers Health & Fitness, London Bridge City, Tooley Street, London, SE1 2ON	071 403 1171
*Earls Court Gym, 254 Earls Court Road, London, SW5 8AD	071 370 1402
The Esplanade Club, 3 Tudor Street, London, EC4Y 0AH	071 867 1222
*The Esplanade Club, 2 Royal Mint Court, London, EC3N 4QN	071 486 1222
*Euston Plaza Health Club, 17-18 Upper Woburn Place, London, EC2M 7HA	071 388 8889
The Fitness Exchange, No. 1 Broadgate, London, EC2M 7HA	071 920 0192
*The Gym at the Sanctuary, 11 Floral Street, Covent Garden, London, WC2E 9DH	071 240 0685
*Harbour Club, Watermeadow Lane, Fulham, London, SW6 2PR	071 371 7700
*Langham Health Club, Langham Hilton International Hotel, 1 Portland Place, Regent Street, London, W1N 3AA	071 636 1000
*Living Well Premier Health Club, No. 4 Millbank, Westminster, London, SW1P 3JA	071 734 5002
*Metropolitan Health Club, 27-28 Kingsly Street, London, W1R 5LE	071 228 4400
*The Metropolitan Club, Sheepcote Lane, Burnt Road, Battersea, London, SW11 5BW	071 228 4400
*Metropolitan Club, King Georges Park, Burnt Road, Wandsworth, London, SW18 4SQ	071 610 1410
*N-10 Fitness Centre, 46 Hilton Grove, London, N16 0NA	071 249 0631
*Shires Health & Leisure Club, Level 5, Ealing Broadway Centre, Ealing, London, W5 5JY	081 579 9433
*Sunstone Health & Leisure Club, Sunstone House, 18 Northwood Road, London, N16 7HR	071 828 1991
*The Westminster Health Club, Allington Street, Victoria, London, SW1E 5SD	071 828 3647
*Westside Fitness & Leisure Club, 201-207 High Street, Kensington, London, W8 5BA	071 937 5386

South East	
*Cophthorne - The Club, Cophthorne Road, Cophthorne, W. Sussex, RH10 3PG	0342 715022
*Cottiers Wood Country Club, Wood Lane, Stanmore, Middx, HA7 4UF (weekdays only)	081 954 7698
*Club Tropics, 26/27 Dartford Bridge Hotel, Medhead Cross, Crossways Business Park, Dartford, Kent, DA2 6GF	0322 284513
*Dragons Health & Fitness Club, St Heliers Avenue, Hove, Sussex, BN3 5RE (closed from August 9-13)	0273 724211
*Fit Health & Fitness Club, 55 Queens Road, Watford, Herts, WD1 2ON	0273 724211
*Fitness Health Club, 30/34 High Street, Leatherhead, KT22 8AJ	0603 812775
*Metropolitan Health Club, 27-28 Kingsly Street, London, W1R 5LE	071 228 4400
*The Fitness Workshop, 34-36 Southend, Croydon, Surrey, CR0 1DP	061 688 1204
*The Fitness Workshop, 31-33 East Street, Bromley, Kent, BR1 1QQ	061 460 3725
Fortis Crest Hotel Gatwick, Gatwick Airport, London, West Sussex, RH6 0PH	0235 557070
Fortis Posthouse Fareham, Cartwright Drive, Titchfield, Fareham, Hampshire, PO15 5RJ	0206 767740
Fortis Posthouse Sevenoaks, London Road, Wrotham Heath, Sevenoaks, Kent, TN15 7RS	0732 863311
*Genetics Gymnasium Ltd, Unit 1, Wedgwood Gate, Wedgwood Way, Stevenage, Herts, SG1 4QB	0438 749444
*Hilton Leisure Club, Hilton National Hotel, Stansted Airport, Round Copple Road, Stansted, Essex, CM24 8SE	0279 690800
*Hilton Leisure Club, Hilton International Hotel, Terminal 4, London Heathrow Airport, Hounslow, Middx, TW6 3AF	081 759 7755
*Hilton Leisure Club & Leisure Club, Knights Hill Hotel, South Wootton, King's Lynn, Norfolk, PE30 3HQ	0553 675556
*LA Fitness, Swan Court, Swan Street, Old Isleworth Business Village, Old Isleworth, TW7 7BW	081 568 8844
*The Lifestyle Club, Thames House, 62 High Street, South Dunstable, LU8 4HD	0252 527755
*LivingWell Health Club, London Gatwick Airport, Gatwick Airport, W. Sussex, RH6 0LL	0293 210247
*LivingWell Health Club, Hilton National Hotel, Eton Way, Watford, WD2 8HA	0293 210247
*LivingWell Health Club, Hilton National Hotel, Bracken Place, Southampton, Hants, SO2 3UB	0703 769929
*The Lanesdown Club, 12-16 High Street, Walton-on-Thames, Surrey, KT12 1DA	0932 231342
*Lloyd Colby Leisure, Sandy Lane, St Pauls Cray, Orpington, Kent, BR5 3HY	0695 874611
*Metropolitan Squash & Health Club, Egerton Road, Twickenham, Middlesex, TW9 7SD	0895 874611
*Metropolitan Squash & Health Club, Egerton Road, Twickenham, Middlesex, TW9 7SD	0895 874611
*PJA's Leisure Club, The Cophthorne, Egham Park Hotel, West Park Road, Cophthorne, W. Sussex, RH10 3EU	0342 712138
*Selection Park Hotel, Sandstead, Surrey, CR2 6YA	081 857 8811
*The Springside Spa, 251 Kirkcaldy, Systonham, London, SE26 4QE	0203 444447
*Stansted Leisure Club, Stansted Airport, Round Copple Road, Stansted, Essex, CM24 8SE	0279 580800
*Studio 4 Health & Leisure Club, Europa Gatwick Hotel, Balcombe Road, Maidenhaw, Crawley, West Sussex, RH10 7ZT	0293 889958
*Tennis & Health Club, Westfield Avenue, Old Woking, Surrey, GU22 8PF	0483 722113
*Tropics Health & Squash Club, 182 Windsor Close, West Grove Centre, Brentford, Middx, TW8 8DZ	0203 444447
*Worland Park Hotel Golf & Leisure, Yarmouth Road, Woodbridge, Suffolk, IP12 1CW	0394 383555

South West	
Ambassadors Health & Fitness Club, Sackwell Hill House, Beckwell, Bristol, BS19 3DA	0278 494482
*Ambassador Health & Fitness Ltd, 206 High Street, Chesham, Bucks, HP8 3HF	0292 552020
Bath & Herts Health & Leisure Club, The Lanes, Sydney Road, Bath, Avon, BA2 4JF	0225 444447
*The Blue Lagoon Family Health & Leisure Club, Moonfleet Manor, Fleet, Weymouth, Dorset, DT3 4ED	0305 760780
*Combe Grove Manor Hotel & Country Club, Brass Knocker Hill, Monkton Combe, Bath, BA2 7HS	0225 835533
Fredericks Hotel & Health Club, Hilbert Road, Trowbridge, Wilt, BA14 2JP	0225 763336
Fortis Crest Bristol, Filton Road, Hambrook, Bristol, Avon, BS16 1GS	0272 554242
Imperial Torquay, Torquay, Devon, TQ1 2AA	0893 294821
*Queens Park Health Club, 51 Queens Park South Drive, Bournemouth, BH8 9EJ	0202 394900

Midlands and Wales	
*The Atrium Club, 39 Newnham Street, Ely, Cambs, CB7 4PG	0353 688886
*Newport Hotel Golf & Country Club, Baddow, Nr. Bedford, Beds, SG17 5PH	0525 880800
Fortis Crest Birmingham, Kingsway, Swanswick, W. Glamorgan, SA1 5LS	021 623 8171
Fortis Crest Swansea, Kingsway, Swansea, W. Glamorgan, SA1 5LS	0792 648958
Fortis Crest Cardiff, Penarth Road, Penarth, Cardiff, S. Glamorgan, CF2 7XA	0222 731212
Fortis Crest Peterborough, Norman Cross, Peterborough, Cambs, PE7 3TB	0743 240209
*Fredericks Sport & Leisure Club, Melin Manor, Melin, Porthcurn, Mid Glamorgan, CF8 8ND	0434 225029
*The Gables, Hill Road, Walsby, Walsby, Cambs, PE42 4JF	0244 332025
*Harpers Fitness Club, c/o The Wave, Newlands Avenue, Didcot, OX11 7BF	0545 588854
*Lichfield Health & Fitness Club, Lorne House, Rotten Row, Lichfield, Staffs, WS13 6JB	0545 257704
*LivingWell Health Club, 477/488 Avelbury Boulevard, Central Milton Keynes, Bucks, MK9 3DB	0908 668286
*LivingWell Health Club, Hilton National Hotel, Derby Road, Lockington, N. Cotes, Derby, DE7 2RH	0509 674166
*Millbrook Health Club, Home Farm, Ardington, Warrington, Cheshire, W9 1BN	091 623 8171
*The Mill Health & Leisure Club, 33/35 The Rushes, Loughborough, Leics, LE11 0BG	0508 236988
*Stocks Health & Leisure Club, 42/44 Priory, Queensway, Birmingham, B4 7EW	021 236 7789

North	
*Bodytalk Fitness Centre, 7 Bond Street, Leeds, LS1 4EH	0532 438026
*Cascades Health & Fitness Club, Whitewater Hotel, Newby Bridge, Livingston, Cumbria, LA12 8PX	0525 880800
Fortis Crest Manchester, Ringway Road, Wythenshawe, Manchester, M22 5NS	021 623 8171
Fortis Crest Runcorn, Wood Lane, Beechwood, Runcorn, WA7 3AA	0628 714000
The Galleon Hotel and Leisure Complex, Wilmslow Road, Didsbury, Manchester, M20 0PW	061 445 0225
*Harpers Leisure Club, Pavilion Hall Hotel, Whitworth Road, Chester, CH3 6AD	0244 332025
*Ivy Court Leisure Club, 201 Jeanette House, Newcasle Upon Tyne, Tyne & Wear, NE2 1LA	081 261 7788
*Ivy Court Leisure Club, 34 Park View, Whitley Bay, Tyne & Wear, NE26 2TH	081 261 7788
*LivingWell Health Club, Shilbury House, Quay Street, Manchester, M2 3JU	061 838 0606
*Majestic Harrogate Hotel, Ripon Road, North Yorkshire, HG1 2HU	0243 568972
*Harpers Health & Leisure Club, Singleton Street, Blackpool, FY1 5AX	0253 751600
*Omnia Health Club, Church Lane, Nunthorpe, Middlesbrough, Cleveland, TS7 0PD	0642 300838
*Queensbury Club, Howill Street, Whitehaven, Cumbria, CA7 7OW	0246 818081
*Shirley Hall, Shirley Park, Shirley, Nr Macclesfield, Cheshire, SK10 5SB	0625 575757

Scotland	
The Balmoral Hotel, Princess Street, Edinburgh, EH2 2EQ	031 556 2414
*Broxna Health & Leisure Club, 35 Coplaw Street, Glasgow, G42 7JE	041 423 9449
Cameron House Hotel & Country Estate, Loch Lomond, Dunbartonshire, G83 8QZ	0389 555655
Croft Health Club, 111 St. Vincent Street, Glasgow, G3 8HT	0224 636724
*Hilton Leisure Club, Glasgow Hilton, 1 William Street, Glasgow, G41	041 204 5512
*Ivy Court Leisure Club, Sherriflands, 1080 Pollockshaws Road, Sherriflands, Glasgow, G41	041 849 0335
*The Leisure Club, The Sheraton Hotel, 1 Festival Square, Edinburgh, EH3 9SR	031 228 8468
*Warrior Club/Marina Highland Hotel, Crook Road, Troon, Ayrshire, KA10 6HE	0292 314444
Stable Dunfermline Health Resort Hotel, Dunfermline, Perthshire, PH8 0HX	0350 727771
*The Club at Westpoint, Westpoint Hotel, Stewardsfield Way, East Kilbride, G74 5LA	03552 38300

Northern Ireland	
System Health Club, Steve Donard Hotel, Downs Road, Newcastle, Co. Down, BT33 0AH	03987 26186
*Pineapple Country Club, 1 Somerset Park, Coleraine, Co. Londonderry, BT51 3AW (weekdays only)	0646 578411
	0265 58002

- Terms and Conditions**
- The offer entitles the reader to a half day membership, including a fitness assessment and participation in an exercise class providing the application form supplied is completed and handed in, together with £5, to any of the listed clubs. A half day is a morning or afternoon or evening (Monday to Friday). Any other treatment will carry an additional charge. Offer available from July 17 to August 13, 1993 inclusive.
 - The *FT* 'Fit For A Fiver' promotion is only available at the clubs listed. Places are allocated on a strictly first come first served basis and is therefore subject to availability.
 - To take part, either telephone for an appointment or call in to the club of your choice stating you would like to participate in the *FT* 'Fit For A Fiver' promotion.
 - Only one visit per club per reader. Each application form must be accompanied by £5. Only the application form printed in the paper is valid. Photocopies or any other reproductions are not acceptable.
 - All the clubs listed have agreed to participate in the promotion. Any enquiries relating to the promotion should be taken up with the club(s) concerned. (Certain restrictions may apply to under 16s at individual clubs with regard to usage of swimming pool and fitness equipment).
 - The Financial Times is obliged to inform its readers that the *FT* accepts no responsibility for any persons taking part in the *FT* 'Fit For A Fiver' Promotion.

Application Form

Club Details:

Please ensure you telephone the club you wish to use for an appointment first.

Name of Club: _____

Date of appointment: _____

Your Details:

Title: _____ Initial: _____ Surname: _____

Address: _____

Postcode: _____

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FASHION / FOOD AND DRINK

Peacocks, yes, but never sissies

Last week: the female fashion editors. This week: Richard Rawlinson meets the men

THE SELECT male fashion editors on Britain's glossy magazines and newspapers have a lot to live up to. On the one hand, they are the style gurus who inform the public of the latest trends. Together with the world's top retailers, they decide which looks to promote to the consumer, having studied the images on the catwalks in Milan, Florence, Paris, New York and London six months before merchandise hits the shops.

One would expect male fashion editors to be as fulfilled as any professional in the knowledge that their work, like that of their female counterparts, has cultural influences on society and economic implications for the clothing industry. But one thing niggles them.

Fashion is widely perceived to be superficial and sissy. This often affects how they dress as individuals. "Most editors would die of horror if anyone suggested they were fashion victims," says Nick Sullivan, fashion director of *Esquire* magazine. "There is nothing wrong with showing an interest in fashion but it should not manifest itself as an obsession. I am interested in clothes because of my job, not the other way round."

Sullivan, 28, never predicted his career path. After studying French at Warwick University, he taught English before finding work on the trade magazine, *International Textile*. "I would visit Italian mills and see how suits are made," he says. "Fine details in cut are what make menswear either right or wrong."

He wears understated suits by designers Giorgio Armani and Nicole Fahri. His shirts are either classics by Hackett and Van Heusen or funky adaptations of the traditional look by designers Paul Smith and Richard James. He buys silk ties in Milan by Dorian.

His fashion pages do not always reflect his sober taste. In a recent issue of *Esquire*, he wrote about the influence on the catwalks of the film *Bram Stoker's Dracula*. "Patriotic sophisticated Valentino, trendy duo Dolce & Gabbana and Katharine Hammett all plugged into the dandy weirdo look sending out frock coats, high-collared shirts with cravats, ... toppers and little round sunglasses."

Sullivan sees no contradiction between his wardrobe and his work. "I am not judged on what I wear but on what I produce on the page," he says. "Readers want to know what is going on, but to be told in a light-hearted way. I do not say you

must wear this."

Peter Howarth, fashion director of *GQ* magazine, says: "If you work with clothes every day, you tend to want to switch off in your free time. go to the pub and talk about girls and football. The last thing you want to do is shop. I live out dreams through my fashion shoots."

Howarth, 28, read English at Cambridge University but a holiday job with Paul Smith led to a full-time job. He was poached by Nicole Fahri to head her menswear sales office but, while working there, he wrote freelance articles for magazines including *Elle* and *GQ*.

Opting for a more casual look than Sullivan, he wears Nicole Fahri suits with turtle neck jerseys by John Smedley or a suit jacket and jersey with Levi's jeans. "To be comfortable is to be confident," he says. "I have developed a wardrobe which I do not need to worry about co-ordinating in the morning. Almost everything is navy or black."

In the April *GQ* he produced two fashion features: one showing grey, summer suits - more Cary Grant than John Major - and one paying tribute to the 1950s revival. "So put on your flower prints, new trousers and way-out waistcoats."

"The overall look is hippie but when individual items of clothing used in the shoot are separated out they can be worn by men who are not going for that look," he says. "Readers want to know what is fashionable but they are more concerned about what is the best than what is the latest thing."

The approach of Dave Bradshaw, fashion editor of *Arena* magazine, is more eclectic than most of his male glossies rivals. "Arena man is harder to define than *GQ* or *Esquire* man," he says. "He is not inspired by the depth of turn-ups and is more likely to be influenced by the quirkiness of London street-style. Most editors always seem to be looking for something to connect 25 shows such as the sailor look, whereas I just use individual pieces that I like and put them together."

Bradshaw, 30, joined the fashion media after studying civil engineering at Brighton Polytechnic and says he still feels like a round peg in a square hole, in spite of having styled advertising shoots for companies such as Katharine Hammett, Next and Wrangler, as well as having worked internationally on a freelance basis for magazines.

He owns suits by Yohji Yama-



Marcus von Ackerman, fashion director of *Elle*, in designer suit and opulent tie, expresses his flamboyant style through women's magazines



Arena fashion editor Dave Bradshaw goes for an eclectic collection of charity shop finds and designer suits

moto. Katharine Hammett and Paul Smith but mixes them with second-hand discoveries from charity shops, achieving an individualistic hotchpotch of old, new, casual and formal. On the day I interviewed him he was wearing a brown, flared, pinstripe suit with a round

neck tank top, Adidas trainers and white socks. "Anyone with money can buy a suit," he says. "It is much more intelligent to look smart and contemporary on little money."

Marcus von Ackerman, having edited the now defunct men's section of British *Vogue* and worked

for *Vogue Homme* in Paris, jumped from men's to women's wear to become the fashion director of *Elle*. He became disillusioned with what he describes as the "homophobia of the British male fashion press" and feels he can best express his flamboyant style through women's magazines.

"I find British men's fashion banal," he says. "The French and Italians still have a nostalgic view of *le style Anglais* but in reality they are better dressed than us. At *Vogue*, I chose desert and mountain locations to shoot the most photogenic outfits, which could be as wild as a fluorescent pink suit. Most men's magazines would not allow this but I feel a duty to challenge and put forward strong directions."

Von Ackerman, 32, displays a love of opulent clothes in person but his image is nevertheless conservative. He has 20 designer suits by either Romeo Gigli or Richard James, his shirts come from Turnbull & Asser and his ties from Gene Meyer in New York or Charvet in Paris. Oversized cufflinks come from Lalique or Chanel. "I love the extravagance of designers such as Gianni Versace although I tend not to wear loud clothes as I do not like to be stared at," he says.

Iain R Webb, fashion editor of *The Times*, is responsible for covering men's and women's fashion and he aims to use his platform to "inspire people to have more fun with clothes." Aged 35, he studied fash-

ion at St Martin's College of Art and Design in London during the punk era and has since worked for the *Evening Standard*, *Elle* and *Harpers & Queen*.

"Fashion is a way of life for me that embraces everything from coffee to clubs to clothes," he says.

Like his contemporaries, he prefers tailored suits, teamed with either shirts and ties or jerseys, to casualwear. But he has already nodded approval to the Dracula look by buying a frock coat by Paul Smith. Instead of wearing black tie at formal occasions he puts on a satin suit by designer Helmut Lang instead.

"Dress codes are for people who are scared to express themselves," he says. "There have been times when I have thought I should be more fashionable but I do not feel comfortable if I am too dandified. I like simple, clean lines, single-breasted jackets and narrow trousers."

Looking back over the last 10 years, it seems that some of the taboos of men's fashion have disappeared and for that we have to thank in part the images displayed on the catwalks and in the press - they may seem extreme but they have helped loosen attitudes.

Even so high fashion for men is still, by and large, seen as either something for the very young or as a hyperbolic statement which is not to be taken literally.

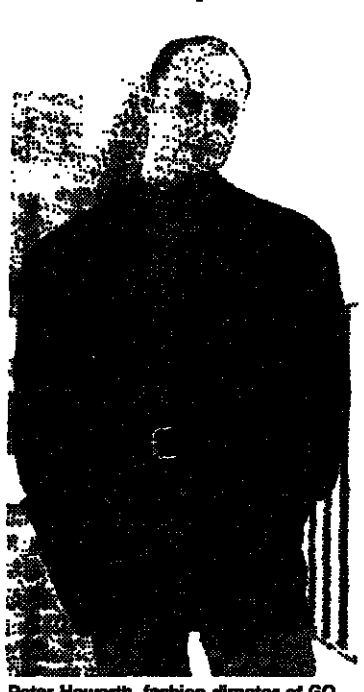
Photographs: Lydia van der Meer



Iain R (for Reginald) Webb, fashion editor of *The Times*, in the clean, simple lines he prefers. "Dress codes are for people who are scared to express themselves."



Simply does it for Nick Sullivan, fashion director of *Esquire* magazine, who favours the understated look



Peter Howarth, fashion director of *GQ* magazine, opts for the casual look but "lives out his dreams in fashion shoots"

A riposte to the supermarkets

Jancis Robinson tastes some of the offerings at Whitbread's wine shops

AT LEAST until Victoria Wine and Augustus Barnett are fully integrated, the Thresher/Wine Rack/Bottoms Up group of Whitbread-owned off-licences will continue to be the major (only?) challenger to the supermarkets' increasing domination of wine retailing in Britain.

The group's resourceful public relations manager - the one who had to deal with all those inquiries about former chancellor Norman Lamont's champagne - invited wine writers to taste 190 of its wines recently. Not everyone could come, so she laid the whole thing on again.

Note that some wines may

have to be ordered, and that Thresher Wine Shops carry a much wider range of wines than Thresher Drinks Stores. Thresher recently launched an admirable booklet on matching food and wine. Bottoms Up offers to refund the difference if beaten on case prices of any wine, and throws in an extra bottle for goodwill.

Thresher does not try to fight the supermarkets on rock bottom prices, but tries, with varying degrees of success, to offer at least as good value. Its enthusiasms include Alsace, superior Languedoc-Roussillon, New Zealand and fortified wines.

WHITES
Slovakians: The Gruner Veltliner from Nitra is sheer delight, with real Balkan intensity, yet crystal clear acidity. Price is kept at £2.99 by bottling in Germany. Thresher's buyer has sent some to potential Austrian suppliers to show what can be done with their native grape variety just over the bor-

der. The Gewurztraminer at £3.29 is equally convincing and withstood comparison with a much more expensive example from Alsace.

NZ 1992 Chardonnay: Montana at £4.99 is very serviceable. Lots of pineapple and acidity. Truly representative, but not nearly as fine and lively as Hunter's, also from Marlborough, at £9.99.

For white Graves enthusiasts: all the thrill at half the price in Ch Bonnet 1992 at £4.99. Now this is what Entre-Deux-Mers is best at!

Portuguese Chardonnay: Peter Bright must be thrilled with his 1991 vintage of Cova de Ursa at £6.99 which delivers great fruit, clean oak, some lemony acidity and an odd Australian twang (years?).

Southern French: Domaine Gauby's oak aged white 1991 is just the sort of creamy, fragrant, full-bodied dryish white Roussillon oddity for which I would happily pay £7.99, and indeed have, but it will be too

full for some. WR/BU only.
California Chardonnay: one which has even impressed Burgundians, Chalk Hill's 1991 is £11.99 and very fine indeed. BU/WR only.

REDS
Eastern Europeans at £2.99: Slovakian 1991 St Laurent also teaches the Austrians a lesson about pricing (see above). Lovely direct fruit flavours and even more exciting than the equally well made Hungarian Cabernet Sauvignon and even fruitier Merlot from Villanyi Hills.

Southern French reds: Excellent buying here with the stupendously concentrated Domaine de l'Horus at £4.99 (BU only), the intense, long-term old vine bottling from Ch de la Liqueur 1991 in Faurgues at £4.99 (WR/BU only), the more international oak-aged Cabernet Domaine de la Rivoyre 1990 at £3.99, and Terroir de Tuchan 1991, the most excitingly substantial Fitou I have tasted for five

years, at £7.49.

OTHERS
Pinks: A fine and varied range includes Ch Bonnet's rosy Bordeaux Clairet at £4.99, the deeply fruity and serious Domaine de l'Horus 1992 Rose (BU only), and the pale and frivolous Domaine Tastavy from the Domains Virgine in Hérault at £3.99 which should be consumed this minute.

Palest sherry: Don Zollo Manzanilla at £7.99 is described as Very Old, but is the palest, driest, freshest drink you could hope for on a hot day. Presumably it is the solera whence it comes whose origins are so old?

Sticky and weird: Cavendish Late Bottled 1983, £6.99. This South African fortified relic, sweet, ancient, and a bargain, tastes like a particularly venerable cross between Australian Liqueur Muscat and Madeira, and comes from a bottle that looks like a Walnut Whip. One of the few wines you could drink with same.



ADVERTISEMENT DESIGNER CLOTHES AT GIVEAWAY PRICES

A new book reveals how and where to buy designer clothes at up to 75% discount. This book is of vital importance to everyone interested in presenting themselves in the very best light at all times without having to spend a fortune. Here are a few of the tips covered in *Designer Clothes Discount Guide*.

- Where to find original samples, including designs which were never sold to the general public and which are quietly sold off at cost prices.
- How to get cancelled and returned orders of designer clothes at steep discounts.
- What to look for when buying overruns, which go at whatever price they will fetch.
- What to look for in seconds, some of which are better than more than a drawn thread or a few missed stitches and then only apparent on close inspection.
- How and where to find surplus fabric at a fraction of their original cost.
- How to get on a top designer's mailing list for end of season sales.
- 24 'permanent' sales shops where you can buy top designer clothes at large discounts all through the year.
- 4 important group sales events where you can purchase designer clothes at wholesale prices or less.
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Cookery

Why the simple ways are best

Philippa Davenport concludes her short series on pasta with some home-made sauces

green coriander are another flavour combination of which I am fond, while chopped fresh thyme and parsley or other garden herbs go well with lemon-scented olive oil.

Beware, though, of ready-grated Parmesan. The worst is sawdust stale and the best is never as good as Parmesan grated at home when needed - and not a moment before. For, just as peppercorns and coffee beans lose their aroma rapidly after grinding, so does Parmesan's flavour fade after grating.

SPAGHETTI ALLA CARBONARA

(serves 3-4)

Ingredients: 1lb spaghetti or tagliatelle; 3 eggs; 3 tablespoons cream (optional); 4oz green streaky bacon or pan-

cetta, cut into snippets; up to 2oz butter; 2oz Parmesan cheese, grated freshly, plus extra for serving if liked.

Method: Beat the eggs with cream, plus salt and pepper, and 2oz freshly grated Parmesan. Add the cream if using it.

While the pasta is boiling, fry the bacon gently until browned in a little butter in a Le Creuset casserole or other dish suitable for bringing to table.

If not using cream, add more butter to the bacon. Let it melt and become hot. Add the cooked and drained spaghetti, pour on the egg mixture and draw the dish away from the heat. Turn the spaghetti gently over and over until the eggs are cooked creamily and every



strand of pasta is coated with the bacon-flecked sauce.

PASTA WITH FENNEL AND OLIVES

(serves 3-4)

Ingredients: 10oz-12oz small pasta shapes such as shells,

farfalle or bucatini; 1/2lb-1lb bulb fennel; 1 teaspoon fennel seed crushed to a powder; 1/2oz-2oz black olives, halved and stoned; olive oil; 2 tablespoons freshly grated Parmesan plus extra for serving if liked.

Method: Trim the fennel, discarding any stringy outer parts, and reserve the green fronds. Chop the rest into small pieces and fry them in 1-1/2 tablespoons olive oil for a few minutes until the surfaces are scorched with gold here and there and the centres are tender, yet retain a little crunch.

Add another teaspoon or two of olive oil to the pan and let it become hot. Toss the vegetable and its flavourous oil into a warmed serving dish and stir in the crushed fennel

seeds, the chopped fennel fronds, the olives and a little salt and pepper.

Add the pasta as soon as it is cooked and drained. Sprinkle lightly with Parmesan and toss quickly to mix.

FLORENTINE SPIRALS

(serves 2-3)

Ingredients: 8oz fusilli or other small pasta shapes; 6oz-8oz spinach; 3oz-4oz streaky bacon, cut into snippets; a very generous noggel of butter; plenty of freshly-grated nutmeg and black pepper.

Method: 6oz spinach is plenty here but I sometimes use 8oz to make more of a vegetable dish. Wash and dry the leaves and chop them finely by hand or whizz them briefly in a food processor. While the pasta

is boiling, fry the bacon snippets in a smidgeon of butter. Remove them. Add a good lump of butter to the sauté pan. Let it sizzle.

Add the spinach, and stir and turn it until wilted. Season well and draw the pan away from the heat. Add quickly the cooked and drained pasta and the bacon, and toss until mixed. This is a very savoury mixture. I think it would be gilding the lily to offer Parmesan at table with it.

Following last week's article on bought pastas a number of readers have asked for stockists of the Spinosi brand. They include: Selfridges, London W1; Bowlers of Bray, Bray-on-Thames, Berks; Mario's Delicatessen of Bromley, Kent; Todder Staffes of Lytham St Anne's, Lancs; Mackintosh of Marlborough, Wilts; Emmett & Husband of Mayfield, Sussex; E. Menzies of Perth, Scotland; Mary's of Richmond, Yorks; and Barlows Butcher of Winchester, Hants.

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RECORDS

New generation of Lieder flourishes

Max Loppert welcomes the renaissance in this art both with younger performers and imaginative concerts

Brigitte Fassbaender: (1) Schubert: *Schwaneengesang* & 5 Lieder, Arribert Reimann (piano), DG 429 786-2, (2) Liszt: 13 Lieder, Jean-Yves Thibaudet (piano), Decca 430 512-2, (3) Wolf: *Mitrixe Lieder*, Jean-Yves Thibaudet (piano), Decca 440 208-2, (4) Schubert: *Goethe Lieder*, Cord Garben (piano), Sony SK 53 104, Marjana Lipovšek: Brahms Lieder, Charles Spencer (piano), David Gerings (cello), Sony SK 53 480

THE ARTS renew themselves, in some cases surprising ways. The current vogue for Lieder, most intimate and exposed of the musical media, affords a prime example. In the principal cities of Europe the halls are filled whenever such admired veterans as Peter Schreier and Brigitte Fassbaender are billed there; and then there are the younger masters and mistresses of the art, discovered and speedily taken into audience favour.

This vogue was not at all predictable. Fifteen years ago, indeed, Andrew Porter could write, fearfully, in the *New Yorker*, "I trust I am wrong, but sometimes it seems to me that when Elisabeth Schwarzkopf, Elisabeth Söderström, Peter Pears and Dietrich Fischer-Dieskau retire, Lieder singing will become a lost art.

There is no one in younger generations who commands as they do the understanding and the technique that bring German songs to life". All four have departed the scene, yet in the happiest way Porter's fears have proved groundless. Through the influence of those named Lieder grandees, and others as well, younger communicators have been found to carry the torch. New ways of presenting the recitals themselves (such as those devised by the now-defunct Songmakers' Almanac) have added interest; the astute talent-promotion of such concert-hall managements as the Wigmore Hall - in many ways the 1990s Mecca of Lieder performance - has borne fruit.

As always, records mirror the situation. Reprints of distinguished "old" singers bulk large alongside the continuance of imaginative projects and the regular introduction of fresh Lieder talent. The re-publication on 12 CDs of Fischer-Dieskau's giant DG Schubert opus: the regular issues from the mighty Schubert project on the Hyperion label, currently at about the halfway mark; and the recognition on disc of such important younger artists as the Austrian baritone Wolfgang Holzmair - these are just three tokens of the renewed interest.

A fourth is the Lieder-recording career of Fassbaender, which in recent times has developed remarkable impetus: four new Fassbaender Lieder CDs have come out on three different labels in less than a year.

The German mezzo merits the attention, as each of the four shows. Across the span of a career now more than 30 years long, she has developed unique insight into the Lieder repertory and a uniquely involving, emotionally uninhibited way of manifesting it.

She is an opera performer of renown able to focus all her considerable powers of musical dramatisation on Lieder; but whereas too many opera singers, in transferring their attentions to the song-recital format, prove unable to make precise, vigorous points and effects without spilling out of the frame of each song, Fassbaender's sense of scale seems almost always immaculate, native-born.

She has the command of story-telling, of beautiful word-utterance free of cosmetic application, of inflecting phrases with "personal" touches that set listeners' scalp and spine tingling. All four new records - the two Schuberts, the Liszt German songs, the Wolf - provide choice examples of those gifts. In the DG *Schwaneengesang* I instance the spontaneity of rhythmic and verbal emphasis that refreshes the sentiments of "Ständchen"; in the two Decca discs, the grading of narrative intensity so that



Brigitte Fassbaender: sings with such a personal touch that the spine tingles

Wolf's tale of storks and shepherds in "Storchensbotchaft", or Liszt's of the "Drei Zigeuner", gains exhilarating dramatic urgency.

Parallels abound with Lotte Lehmann, another great German *bête du théâtre*, who in the latter part of a long career achieved special distinction in Lieder, another risk-taker with the voice. Fassbaender often puts pressure on a worn-sounding upper register. Plunges into passionate chest-tones can occasionally seem melodramatic. Calm, spun-out lyricism is not a feature of her performance. A new record of Brahms songs by a younger leading mezzo, Marjana Lipovšek, affords a revealing point of comparison - entirely lacking as it is in individuality of the Fassbaender sort, full of warm, amply sustained mezzo sound.

As one might expect, Fassbaender's

planning makes the crucial difference to the overall impression of each record. (That suggests an order of preference - but I'd not be without all four.) Her partnership with the composer Arribert Reimann is the longest-lived, and it tells: in this *Schwaneengesang* the pianistic personality, angular and sometimes abrupt though it may be, responds arrestingly to the vocal.

The young Frenchman Thibaudet, a notable virtuoso soloist, achieves marvels of Lisztian and Wolfian textural limpidity and clarification, supporting the voice sympathetically but not always distilling the poetic or dramatic essence of the piano-writing. Garben, a record-producer of some experience as a Lieder pianist, is a bit ham-fisted, a bit of a banger, though not so much as to drain the excitement of Fassbaender's Goethe selection.

Opera/Andrew Clements Strange bedfellows

Monk: *Atlas*, Meredith Monk Vocal Ensemble/Wayne Handlin, ECM 437 733-2 (two CDs), Maderna: *Hyperion*, Jacques Zoon, Penelope Walmsley-Clark, Bruno Ganz, Les Jeunes Solistes, ASKO Ensemble/Peter Eötvös, Disques Montaigne 782014 (two CDs)

Dusapin: *Medeamaterial*, Hilde Leidland, Collegium Vocale, Orchestre de la Chapelle Royale/Philippe Hersanweghe, Harmonia Mundi HMC 906215

ATLAS is the longest, most ambitious of Meredith Monk's performance pieces so far, categorised as "an opera in three parts" but just as heavily dependent upon dance and gesture as on music and text. When it was first performed at the Houston Opera in February 1991 Max Loppert greeted *Atlas* here with great enthusiasm, when Monk toured an abridged concert version to London last year it made a charming if slighter impression.

Certainly in concert and even more in a recording the dramatic essence of *Atlas*, the distinctive flavour of its visual and musical synthesis, are significantly diminished. The 15 numbers which make up the musical score do not carry the narrative forward so much as provide gloss and illustration.

The majority of them are essentially textless; the dance and mime provide a kind of thread of continuity in the theatre, but to a large extent the audience has to take the story (an allegorical tale of a young girl travelling through life and through the world until she finds the spiritual peace she seeks) as given.

On disc, then, each number has to survive on its own intrinsic musical merits; there can be no real sense of cumulative effect or of a dramatic context into which they can be fitted. The sequence of musical concepts has vivid and inspired moments as well as some that are insipid and inconsequential. At its best the music of *Atlas* is disarmingly likeable, constructed from the minimum of material - a simple melodic pattern, a handful of syllables, a second-hand folk tune - and worked with great imagination and a minimum of rhetoric.

The instrumental accompaniments are no more than functional, their scoring sometimes rather crude. It is the voices, wonderfully disciplined and precise, that matter, but their effect one must be incomparably enhanced when combined with congruent visuals and Monk's conception can be assimilated whole.

Alongside *Atlas*, Maderna's *Hyperion* seems very much the product of a totally alien culture, almost a period piece. Slowly but surely Maderna's musical personality, which was very much shaded in his own lifetime by the greater flamboyance of his younger contemporaries Boulez and Stockhausen, seems to be acquiring a kind of icon-like stature, his achievement as a conductor

recognised as hugely influential, his own music celebrated as one of the most lyrical products of the post-war avant garde. Certainly *Hyperion* is the quintessential 1960s piece, assembled over some six years from a variety of compositions that have independent lives of their own yet are linked more or less by their relationship to the poetry of Hölderlin, and particularly to his *Hyperion* poems.

The cycle contains orchestral pieces, a massive soprano aria, important solos for a flute and readings from Hölderlin's verse; the ordering of these events is left to the performers. The Disques Montaigne recording, as well documented as always, is taken from performances staged at the Vienna Festwochen in 1992, a production shared with festivals in Amsterdam, Paris and Rome. The performing version was made by Peter Eötvös, and in musical terms at least it coheres wonderfully, full of marvellous orchestral writing - Maderna was a master of texture and colour - intensely lyrical writing for both the flute (vividly played by Jacques Zoon) and the soprano (the indefatigable Penelope Walmsley-Clark), with Bruno Ganz relishing his delivery of the poetry. On disc, when the sequence of events can be tailored to the listener's own taste, it is endlessly diverting on stage, one fancies it would require a thoroughly imaginative staging to work effectively.

When Dusapin's *Medeamaterial* was first performed at the Monnaie in Brussels in March 1992 it was hindered rather than helped by its stage production, which blurred what was already a profoundly ambiguous scenario and text taken from Heiner Müller's playlet of the same name. On disc it begins to make more sense, and it is possible to appreciate far more the ingenuity of Dusapin's score, composed for a baroque orchestra playing in baroque temperament - the original commission specified that the work would be given in a double bill with Purcell's *Dido and Aeneas*.

The burden of the work falls upon the character of Medea, gallantly taken by Heide Leidland; though the Nurse and her husband Jason are given a few phrases in the opening moments of the work, Medea takes central stage for more than half an hour with a huge monologue, a grand *apologia pro vita sua*, while the orchestra busies itself with minute figuration and the occasional disconcerting baroque echo. The accompanying booklet provides texts in French and German, as well as an introduction translated from the French original; those who wish to get to grips with an intriguing work would be advised to read the French rather than the English version, which obscures far more than it manages to clarify.

Hell-for-leather down the sax

OF THE quick and the dead, Jackie McLean's alto sound comes out of the horn at you like a turbo-charged kazoo. A direct inheritor of the Charlie Parker tradition, McLean puts his unmistakable music firmly into the listeners' ear and, like his friend and mentor, leaves it there until the recipient feels a little dizzy. Where other saxophonists turn their instrument inside out to realise their ideas, the McLean technique is to find a line and then proceed hell-for-leather down it in breakneck improvisation, relying on hairpin bends for excitement rather than harmonic humps.

So it is with the new live recording, made in 1991 and appropriately titled *The Jackie Mac Attack* (Birdology 519 370 2). The appeal of any McLean band lies more in its insistency than its scope. They can and do turn a ballad, but the leader's tartness is put to best use in the driving originals which feature on this latest recording. Appearing earlier this week at the Union Chapel in a sextet, son René and trombonist Steve Davis provided some angles to augment the linear acceleration of father's playing. The new record, however, with Hotep Idris Galeta (who shares the writing) at the keyboard, Nat Reeves on bass and Carl Allen in the traps, has McLean plaintively and hypnotically "on" for most of its 55 minutes.

Another aspect of the saxophonist, Johnny Griffin, has a new disc *Dances of Passion* (Antilles 512 604-2) which sheds new, softer light on the tenor fireball. Catch Griffin live and you are

likely to come away with your hair standing on end after a no holds barred hard bop session. These sides, however, add tuba, French horn and trombone to the standard piano quartet format, to produce an altogether more measured affair. The dance is slow and the passion smouldering. Set against a sturdy but agile brass section (notably Steve Turre's talking trombone), the Griffin tenor stretches out beautifully across original compositions tenderly arranged by pianist Michael Weiss. A blue interlude in *The Way It Is* allows close examination of Griffin's technique while *All Through The Night* has a more familiar Griffin blowing lightning changes.

Don Pullen's new *Ode To Life* (Blue Note CDP 0777 7 88233 29) finds the usually explosive pianist in an uncharacteristically subdued mood. But this is a pianist who delights in every setting and the African-Brazilian Connection has Pullen's glissando spreading across samba syncopations, flamenco inflections and African dance. A dark hued work, the disc features a sad, rolling tribute to his sideman of many years, saxophonist George Adams who died last year. The track "Ah George, We Hardly Knew Ya" employs altoist Carlos Ward's supple sound to moving effect.

Notable among the reissues, which abound, is a swinging selection of late guitarists Grand Green's groovier works *The Best of Grand Green* (Blue Note 0777 789822 29). Prodigious though erratic in output until drugs finally stopped him, Green could swing with the fastest of them. This



Johnny Griffin: his latest recording sheds a softer light on this tenor fireball

75 minute compilation shows him at his funkier and fittest. Another from the Blue Note stable that returns repeatedly to the turntable is a 1961 collaboration between radiant vocalist

Nancy Wilson and sweet toned altoist, the late Cannonball Adderley (Capitol Jazz 0777 7 812041). Joined by brother Nat on cornet, Joe Zawinul (piano), Sam Jones (bass) and Louis Hayes

(drums) they create 42 minutes of condensed pleasure with a mixture of originals and standards.

Garry Booth

THE ART of the compilation album is an odd one. Consider Topic's collections of sea shanties, *Blow The Man Down* (TSCD464), and industrial songs, *The Iron Muse* (TSCD465). Both are CDs that have been expanded from original concept albums, of the early 1960s and the late 1960s respectively. Both are important collections of folk songs. However, from the perspective of the 1990s, *The Iron Muse* is the more vibrant. *Blow The Man Down* is imprisoned by the rhythms of the sea and the sound of the accordion and is severely limited in its potential. The rhythms of

The Iron Muse are more varied and the stories more complex. Moreover as Theme Park Britain comes closer and closer, the description of work and its deprivations, originally complained off or protested about, take upon an almost nostalgic hue. Particularly affecting are the miners songs.

White Country Blues (Columbia 478888 2) confirms the fact that though the American South was segregated for much of this century, culturally black and white music were closely intertwined. The set's sub-title "a white shade of blue", is also accurate, pointing to the fact that these white bluesmen of the 1920s

Nostalgic compilations

and 1930s were more melancholic and rural and less mythic and impassioned than their black brothers. Particularly powerful are the performances by Frank Hutchinson, Charlie Foote and the Allen Brothers.

Instrumentals (Hannibal HNCD 8302) seemingly lacks a collection of instrumentals. In fact, thanks to careful selection it has an unusually strong presence and operates rather

like a carefully routed tour of world music. Typically the haunting opening track which sets the feel of the CD, a seven minute didgeridoo-guitar combination "Dance The Devil Away", is fake folk but the feeling is as real as that of the Bulgarian group Blakana, the Romanian Muzsikars or the British Fairport Convention.

Mynd Excursions (Sequel NEXCD 237), *Every Great Motown: The First 25 Years: Vol II, the 1970s* (Motown 530 114-2) and Fontana, the *Sixties*

and *Nineties Collections* (Fontana 515 892-2) are more straightforward examples of the compilers art. The Sequel offering collects together 30 essays in psychedelia from the Kama-Sutra label. Most are minor (The Tradewinds, The Innocence), a few terrible (The Mulberry Fruit band's version of "Yes We Have No Bananas" is absolutely horrendous) and a few real finds. Best of the bunch is The Vacels. Their version of Dylan's "Can You Please Crawl Out Of Your Window" is a superior example of pop psychedelia in which blue-eyed soul meets the Lovin' Spoonful. The result is a cult classic. With only 11 tracks the Motown offering is a little short. More intriguing is the Fontana offering, a three CD set, one devoted to the 1960s and two to the 1990s when PolyGram revived the label. The 1960s CD mixes British R'n'B (The Pretty Things, The Spencer Davis Group, Alexis Korner) with pop (The Troggs) and cultom

(The High Numbers, i.e. the Who) before they were The Who) with wild abandon in the manner of the times. As befits its time the 1990s set (which starts in 1987) is more calculated, mixing the Fall with le Mystere de Voix Bulgares and Tears For Fears with a knowing post modernism in which eclecticism is the norm.

Sometimes compilations have the power to both surprise one and confirm a generally perceived view. Such an instance is the perfectly titled *The Genius Of Dave Bartholomew* (EMI 8018431). Best known as the writer and arranger of numerous Fats Domino hits, Bartholomew, as

this double CD of recordings produced by him and featuring his band from the late 1940s to the early 1960s confirms, had a far wider palette at his disposal. The central element of the Bartholomew sound is the relaxed beat of his band, but on such pared down productions as Archibald's "Stack-a-Lee", Jewel King's "Don't Marry Too Soon", or Peewee Crayton's marvellously subdued "Every Dog Must Have Its Day" or T. Bone Walker's hilarious "Teen Age Baby", Bartholomew reveals himself as a master of all the musics of New Orleans.

Phil Hardy

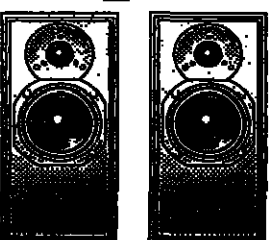
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SO Trollope has his plaque in Westminster Abbey. Now there is more good news: Come to Cover Cassettes and Timothy West have begun to record the Palliser novels. Having completed the Barsetshire series last year, they have now issued *Can You Forgive Her?*, published in 1864-5 (CTC 054; 21 cassettes; 28 hours 20 minutes; unabridged); from diocesan politics to Parliamentary views from the sawdust level of tricky political agents and from the dinner table of the great Duke of Omnium. We are asked to forgive motherless Alice Vavasor, young, well-bred but not rich, for having become a jilt. She longs to be useful and capriciously rejects a worthy suitor who prefers a quiet life; she is even willing to contemplate a marriage with her blackguard of a cousin, George Vavasor, if her money can be used for his political career. Another

cousin, the adorable Lady Glencora, also wonders what to do, but stays with her husband, Plantagenet Palliser, long enough to find happiness within her marriage. Timothy West's reading is as impressive as ever.

Penelope Lively's novel of 1991, *City of the Mind* (Chivers Audio Books CAB 736; 5 cassettes; 7 hours 15 minutes; unabridged), beautifully read by Terrence Hardiman, is preoccupied with the continuum of Time. The London in which the architect hero, Matthew, is building a tower in Docklands co-exists for him with the city of the Blitz, and with an earlier city where a ragged child survives in the gutter. A celebration of London, and incidentally a tale of romantic love as well. Highly enjoyable.

In 1987, Bill Bryson, an American journalist living in Britain, set out from Iowa to find the ideal small American town. He drove 13,978 miles and visited 38 states, and the result was *The Lost Continent* (CAB 804; 8 cassettes; 10 hours 30 minutes; unabridged). He saw much to grieve over: a loss of dignity; over-visited historical junk places full of hamburgers, junk souvenirs and "fat people in noisy clothes". But some places were lovely: Savannah, Georgia, Santa Fe, New Mexico, Colonial Williamsburg. (But what a rip-off that bus trip would have been, had he fallen for it.) His bad temper and streams of invective might have become wearisome but for the vitality and charm of the reader, William Roberts.

Among Isis Audio Books' bargain reissues, Mary Wesley's *Harnessing Peacocks* (TE 563; 7 cassettes; 9 hours 45 minutes; unabridged) is lively and funny. Hebe, having escaped young from grandparents who wanted her to have an abortion, has made a comfortable life for herself and her son by cooking and "tarting" - she is good at both. An entertaining, attractively read by Carole Boyd; not for Aunt Edna.

From Random Century Audiobooks comes a good abridged version of one of Ruth Rendell's Wexford stories, *No More Dying Then* (RD 135; 2 cassettes, 3 hours), superbly read by Christopher Ravenscroft. (Wexford's sidekick, Mike Burden, in the ITV series). Burden is the star in this search for a missing child. Six episodes from the TV

series featuring John Thaw as Inspector Morse have been adapted for audio cassette from the original TV soundtracks, an initiative of Central Independent Television via Music Collection International. Each 2-cassette set lasts for two hours. The titles are: *Decayed by Flight*; *The Ghost in the Machine*; *The Secret of Boy 5B*; *Masonic Mysteries*; *Driven to Distraction*; and *Infernal Serpent*. Catalogue numbers from TALKMCM 001 to TALKMCM 006 respectively.

From 5A Tellitapes, *Plain Tales from the Hills - Pt 2* (TTDMC 418; 2 cassettes, 3 hours), read by Martin Jarvis, has 12 of Rudyard Kipling's tales of the Raj, published in 1888. With comedy, pathos, irony and horror, they gave a foretaste of future triumphs.

Mary Postgate

مكتبة أميرة لؤلؤ

TRAVEL

A perfect spot: it rains and there's nothing to do

SOPHISTICATED travellers have been hard hit by the trickling of wanderlust down to the masses, cheap long-haul flights and the opening of borders closed for generations. Where can they go that the neighbours haven't been? Where can they go that has not been "discovered"? One answer is the Queen Charlotte Islands.

There is absolutely nothing to do on the Charlottes. The inhabited part, to the north, is a time warp of small-town life, where the world's largest black bears routinely trash the municipal dump looking for leftovers and where traffic is entertainment rather than a nuisance.

Conversely, the southern archipelago, populated by a handful of humans, is a living museum of flora and fauna untouched by the last ice age 10,000 years ago. The world's most impressive totem poles, left standing in deserted Haida Indian villages, are the only guardians of what was once a bountiful and artistically brilliant civilisation.

How do you get there? First go to Vancouver on the misty and drizzly western coast of Canada. Then fly direct or travel north to Prince Rupert and take the meandering coastal ferry, 95km across the shallow Hecate Strait, which is raked by some of the biggest tidal shifts on the planet. When you reach the Queen Charlotte airport at Sandspit or cross on the local ferry to the main town of Queen Charlotte City, you will know what rain is.

The Charlottes, as everyone calls them, are an arrowhead-shaped grouping of islands breaking up into smaller shapes as they stretch to the south-east. Graham Island, to the north, where the 6,000 people live, is almost as big as the other 150 islands and islets together. Everywhere the cli-

mate is wet and fecund. This is a rainforest in the northern hemisphere.

Logging is the big business in the Charlottes, with whole islands clear-cut like a Mohican with stubble. Pitched battles were fought over clear-cutting in the 1980s, with mainland environmentalists joining the politically savvy Haida in a coalition against the logging barons and the provincial government. There is still an emotional divide between what locals refer to as the "hip-

Doug Sager explores the primeval beauty of the Queen Charlotte Islands

pies" and the "rednecks."

The Haida, who once flourished everywhere in the southern archipelago, now live in reservations outside the main towns on the northern island. Their artistic tradition has been largely preserved, and they are culturally alert and relatively enterprising.

Haida activists have been negotiating aggressively with the Canadian government for administrative rights over the entire southern chain. Haida "watchmen," a kind of tribal militia, have travelled to the Amazon to advise Brazilian tribes in their struggles to preserve the rainforest.

The Haida call the southern island of South Moresby "Haida Gwaii," or "the place of wonder." There are no roads and no way to visit these islands except by boat. Helicopters and float planes fly over the islands but are forbidden to land in sensitive areas. Kayak tours are popular with the ecological, bearded crowd, but the waters around the Charlottes

are cold and camping is certainly no more attractive to the environment than sleeping on a yacht.

The Charlottes are sometimes called the Canadian Galapagos, because of the unique species preserved there when the last ice age passed the islands by. Animals and plants abound. Unique species include *senecio newcombii*, a yellow flowering perennial daisy, and the world's largest black bear. There are unique types of pine marten, deer mouse, hairy woodpecker, saw-whet owl and Stellar's jay. There are also six unique species of moss and liverwort.

The world's largest population of Peale's peregrine falcons nests in the Charlottes. Bald eagles perch in house-sized lofts high up 600-year-old trees, waiting for you to toss them a fish for the photo-opportunity of a lifetime. There are more eagles here than anywhere else in Canada. But the more elusive black-footed albatross has an even bigger wingspan, and seems to prefer popcorn, heavily buttered, to fish.

Fishing, as I was taught by my boat owner's four-year-old daughter, Charlotte, consists of throwing a line into the water, counting to 10 and pulling it out. Forget the bait. We had a 25kg halibut, barbecued in massive chunks on the boat.

As my hosts on the 71ft *Darwin Sound* sailing yacht were confirmed hunters and gatherers, we ate our own catches of red snapper and the varieties of salmon described to me, in my ignorance of non-frozen seafood, as chitlin, chinook, coho and pink. We gathered razor clams, rock scallops, pinto abalone and giant Pacific scallops. We tried to shoot a deer, but missed. I am told I ate sea cucumber and goose-neck barnacles.

On land, we penetrated "climax forest" of Sitka spruce,



The Queen Charlotte Islands: sometimes called the 'Canadian Galapagos'

red and yellow cedar. A single Sitka log can have a commercial value of \$40,000, so the argument over clear-cut logging is not just academic. The forest floor is a spooky moss-covered undulation of fallen trees being digested.

All 400 former Haida settlements, with their large wooden clan houses, have been reclaimed by the rainforest. But the totem poles survive. All the Haida villages were on the edge of the water. Nineteenth-century, a UN World Heritage site, has the world's largest collection of *in situ* totem poles. Sailing into this calm and protected harbour, and

watching the totem poles emerge from the trees, is affecting. More than anything else, the difficulty of access preserves the romance of the site. Do not look for a visitors' centre.

There are other islands with natural hot springs, colonies of sea-lions, curious seals and wary otters. Whales appear and spout off. Negotiating this region, with its sudden storms and wild tidal surges, is best done in as large a vessel as possible. Anyway, nobody is going to rent you a self-drive boat.

The western exposure of the island chain is etched with

deep fiords, best seen from the air. This is the highest-energy coastline in north America, and Canada's most active earthquake zone. Down around Cape St James, at the bottom - very popular with sea-lions - the current runs at 7 knots and the tidal range is over 8 metres.

This water, enriched by the warm Kuroshio, or Japan current, which staved off the ice age, is phenomenally rich in nutrients. An amazing sight is the Burnaby Narrows in South Moresby. Here a channel some 50m wide enjoys alternating north-south tides.

At the right time the ankle-

deep water reveals crystal-clear spectacles of starfish and curious tropical fish - the single richest collection of biological diversity on the Pacific coast of the Americas. In the shallows, thousands of clams squirt like an ocean of suburban lawn sprinklers.

All in all, I cannot think of any place on earth more worth visiting. Mary Morris, a local writer and expert on Haida folklore, runs Kallahan Travel Services, a comprehensive and reliable source for boat tours, accommodation and "flightseeing": PO Box 96, Queen Charlotte, BC, V0T 1S0, tel: (604)-559-

8455. The 71-ft yacht *Darwin Sound* is run by former ecology professor Al Whitney and his cordon bleu wife, Irene. Contact Pacific Synergies, Box 3500-18, Whistler, BC, V0N 1B0, Canada.

British Columbia Tourism at 1, Regent St, London (tel: 071-830-8857) may be able to help, but when I phoned them for information on the Charlottes they said: "But nobody goes there."

If you do go, do not miss the Haida seafood feasts at the community hall in Skidegate - all the fresh barbecued fish you can eat for £10.

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PROPERTY

Shropshire: county with a split personality

In a region where England and Wales meet, Gerald Cadogan finds the landscape beguiling and no lack of attractive houses for sale

CHOOSE your bridge when you enter Shrewsbury, the county town of Shropshire that sits on a promontory above a large horseshoe bend in the river Severn. If you come from the left on the map, it is the Welsh bridge; from the right, the English. For centuries that choice - England or Wales - has influenced this old border capital and its county.

Shrewsbury is an attractive town, packed with impressive buildings. Many are half-timbered, painted black and white and with overhanging eaves in the style that continues into Cheshire and Wales.

Sometimes, brick replaces the wattle and daub filling between the beams. There are grand 18th and 19th century houses, and the glorious 1792 round church of St Chad designed by George Steuart.

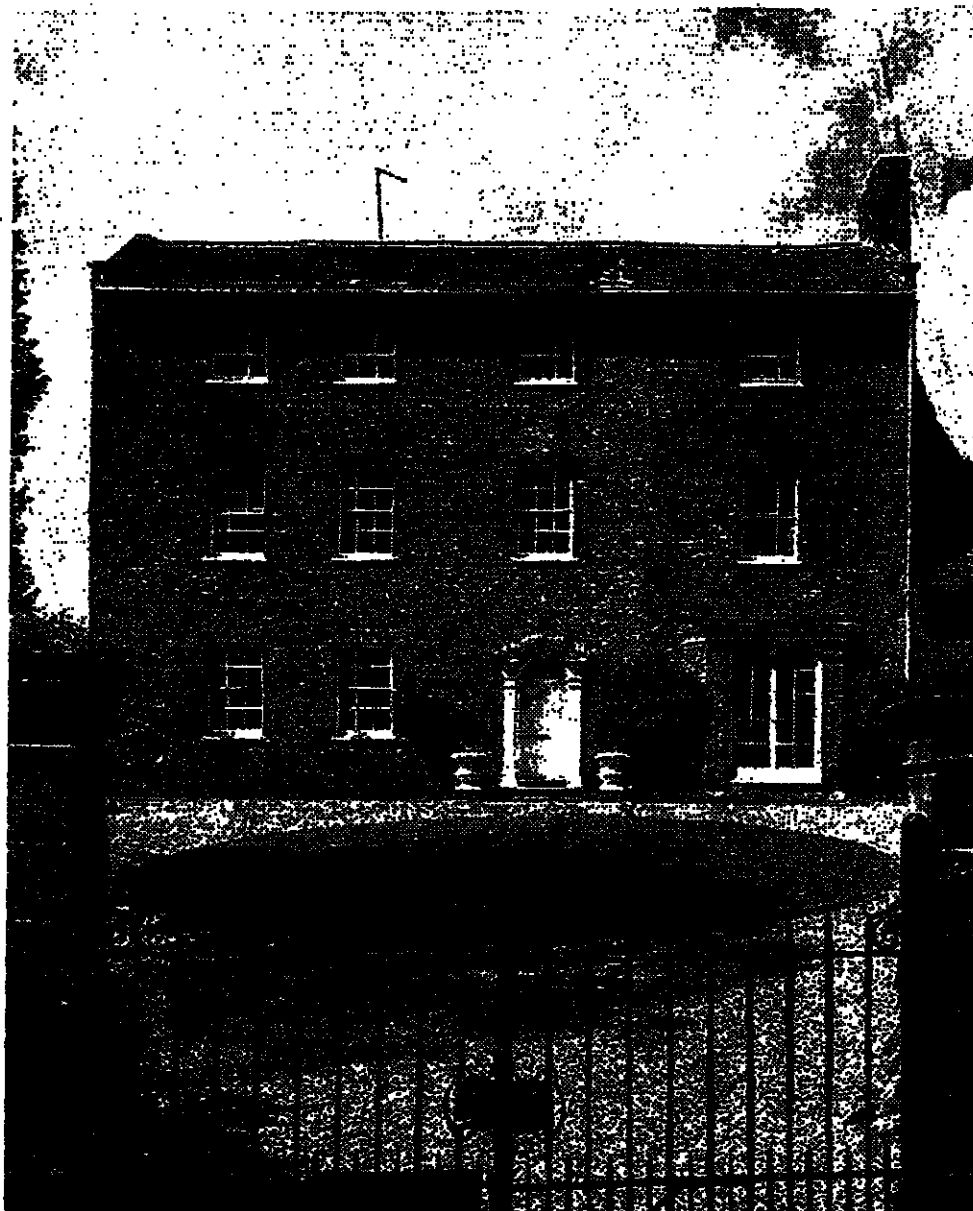
Shrewsbury has had less post-war redevelopment than most county towns: indeed, it has, to some extent, missed out on growth as the Japanese have located their factories at Telford, in east Shropshire. But with the new A5 Shrewsbury bypass linking to the M54 and M6, west Shropshire will prosper now that it is more accessible.

Birmingham airport is less than an hour away by road (although north Shropshire people use Manchester) and London 2½ hours. Unfortunately, train services are no longer so good.

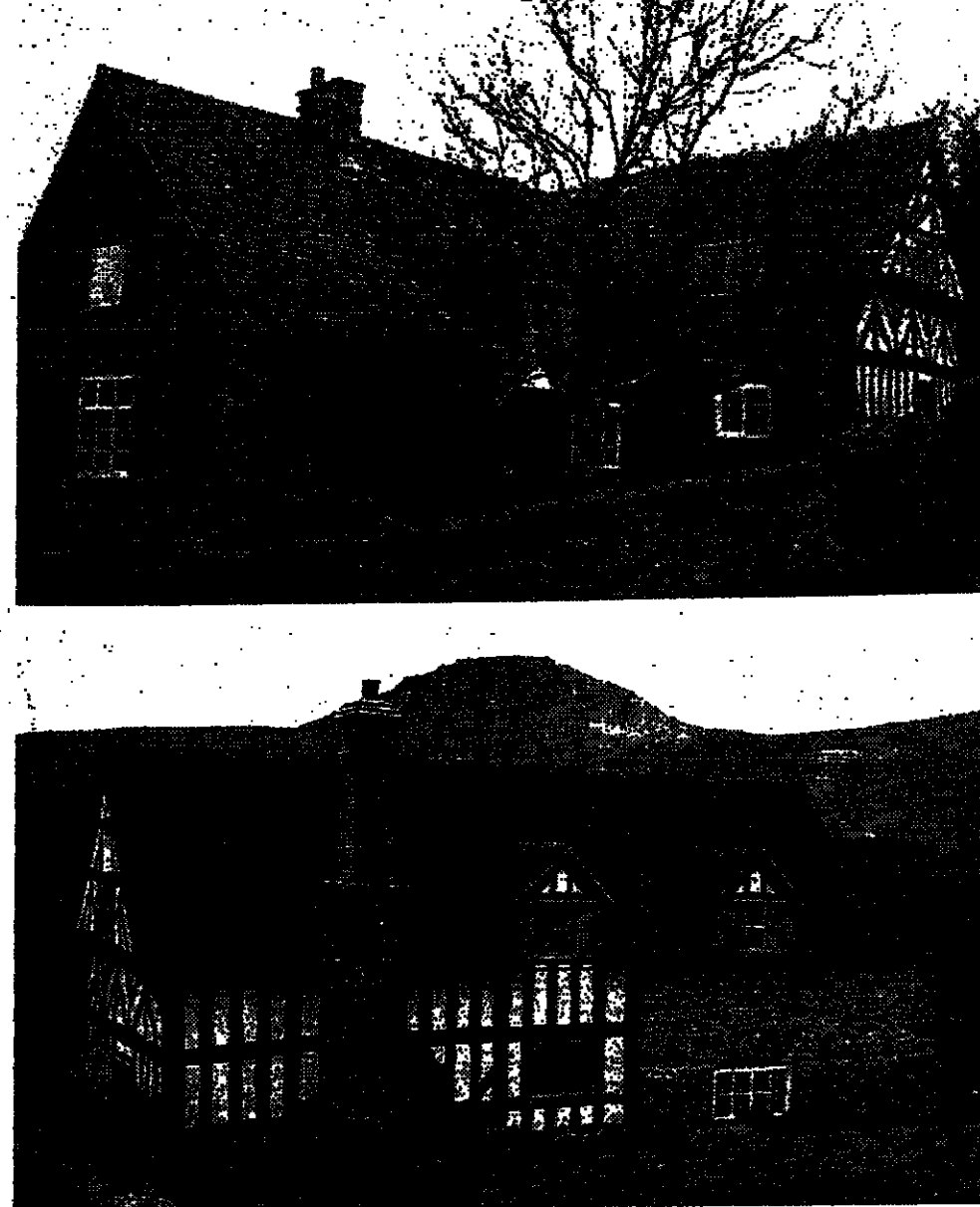
The county is extraordinarily beautiful, with long views and large valleys interrupted by the small mountains of the Wrekin, Wenlock Edge and the Long Mynd, and the hills of Wales on the skyline. There are sheep in plenty, and market gardening.

When you look down from Cleve Hill, over south Shropshire into Herefordshire and Worcestershire, the pattern of small fields and rolling country could be a Siennese painting, in green rather than the Tuscan beige.

As elsewhere, the housing market has been sluggish. But Anthony Clay, of Smith-Woolley, says it is picking up a little although remaining sticky



Handsome and available: Farmcote House at Claverley, Shropshire, on offer for over £400,000



Split personality: the front and back of Shoot Rough Farm, Shropshire. The guide price is £225,000

around the £250,000-£350,000 range. Having 33 estate agents in Shropshire means considerable competition, and a danger that agents may over-value houses to secure vendors' business. There is always a shortage of good houses to sell in such a settled county where people live near their jobs, as they have done for ages. The new roads may well affect this, though.

In Shrewsbury, Cooper & Green offers a substantial Georgian town house (155 Abbey Foregate, just before the English bridge) at an enticing £170,000 although it needs some work. At the same price is a half-timbered, black-and-white, 15th century cottage called Wayside in Easton Constantine, eight miles east of the town and close to the M54.

Nearby, for £160,000, is a brick and timber cottage in Aston called The Thatches (agent: John German). This is also the price of Wadboro Thatch, at Haytons Bent, close to the attractive old town of Ludlow (Cooper & Green).

For £107,500, there is Rose Cottage in Condover, five miles south of Shrewsbury, while £178,000 is being asked for the four-bedroomed Waterside Cot-

tage, beside the Shropshire Union canal at St Martins near Oswestry, in the northwest of the county (both from John German). At Marshbrook, between Church Stretton and Craven Arms in south Shropshire, £155,000 secures the Victorian brick Cwm Head House (agent: Balfour & Cooke).

At nearby Cardington Shoot, the grade II-listed Rough Shoot Farm is a medieval cruck hall

with Tudor and 18th century additions in stone, half-timbered and brick. This good example of Shropshire vernacular costs around £225,000 from John German, which also is selling the 17th century stone and half-timbered Chatwall Home Farm, a mile away, for £230,000.

A mile further in the lovely south Shropshire countryside, Smith-Woolley is offering Park

House at Plaish, also in stone, for £270,000. On its books also is the half-timbered and brick Upper Monkhall at Monkhop-ton, south of Much Wenlock, for around £400,000 including a stone barn and seven acres. The site used to be a farm for the monks of Wenlock Abbey.

The same agent (with Carter Jonas) is selling the stone-built Woodhouse Farm at Wyke, north-east of Much Wenlock

and west of Ironbridge, for £350,000.

The handsomest brick dwelling on the market is Farmcote House at Claverley, between Bridgnorth and Wolverhampton, which Balfour & Cooke offers at over £400,000.

Two brick houses for sale near Shrewsbury, through Cooper & Green, are The Lynches at Yockleton (originally 17th century, Grade II, £240,000) and The Grange at Upton Magna (18th century, £260,000).

In north Shropshire, Hampton House at Welshampton, near Ellesmere, dates from around 1830 and was built for the Tophams, who owned Aintree racecourse - famous for the Grand National.

Smith-Woolley is selling it at £340,000 along with Ellesmere House in Ellesmere: this originally was the Steward's House for the Earl of Bridgewater's estates and lately has been a home run by the county council, the vendor.

The garden has a fine cedar tree and runs down to the Mere. Price: around £385,000.

Two Victorian vicarages on offer are at Fauls Green, near Whitechurch, built solidly by the local lord in 1857 with Staffordshire blue diamond patterning on the red brick and now enhanced by an indoor swimming pool (Smith-Woolley: £395,000); and at Easthope, near Much Wenlock (Balfour & Cooke: over £250,000).

Shropshire's most unusual property for sale is the grade II Rowton Castle, 10 miles west of Shrewsbury and a mixture of medieval, William and Mary, and Regency Gothic.

Now a hotel popular for wedding receptions, it is being sold by receivers through Balfour & Cooke for £495,000.

With 19 bedrooms for letting, 17 acres and what is said to be the largest cedar in the country, it looks a ship. Further information from: Balfour & Cooke, Shrewsbury (0743-241181); Carter Jonas, Bridgnorth (0746-761711); Cooper & Green, Shrewsbury (0743-232244); John German, Shrewsbury (0743-231661); Smith-Woolley, Shrewsbury (0743-232477).

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OUTDOORS

Gardening

Blossom with the scents of romance

Robin Lane Fox finds philadelphus makes a splendid substitute for reluctant roses

ALREADY this season, roses have excelled themselves and even non-gardeners have noticed them. Roses do not like my stony soil and I have been watching another great season instead, not on struggling Kathleen, Harrop or mottled Louise Odier but from sweet clouds of flower on shrubs which illumine an entire evening. I mean the orange blossoms of British gardens, still known as syringas among older gardeners but as philadelphus to the horticulturally correct.

To me, they are orange blossom because the name does them justice. They are powerfully romantic, stirring the senses of sight and smell. The scent of a full-flowering philadelphus lifts me away to contradictory times and places: to late June evenings in London when the cocktails turn into a party; or early April in those stolen weeks of early blossom when true orange trees are flowering in the southern Mediterranean.

You cannot be in two places at once, except in the imagination, but you can pay a tribute to the philadelphus during this weekend as the main season ends. If you want to tidy up the bush, cut back the wood which has flowered but leave the younger, emerging shoots alone. Orange blossom flowers next year on this year's young growth.

The ignorant way to treat them is to go out into the garden where an old philadelphus virginia is beginning to block the path, and set about it in the evening when the fancy takes you. Cut it only within the next two weeks and distinguish between the older, flowered wood and the unflowered, which must be left alone.

There is a myth that philadelphus are much the same and last for only one glorious fortnight. True, they are all white; but within this whiteness, they are not all sweet, and their shapes and markings vary as widely as their size and season. By now, I think I have tried most of them, although 40 varieties

are listed in Britain, increasing yearly as other good ones emerge from America.

Nobody, it seems, yet sells the earliest pair, with each of which I once co-habited in Germany. Shrenkii begins to flower late in May, followed closely by the lovelier Magdaleneae, which is a wild Chinese variety with grey leaves. Neither is especially scented, if I remember correctly, but could they not go on general UK releases?

Instead, my year begins early in June with Atlas, bought five years ago on "spec" from Hopleys in Hertfordshire. Atlas is tall and unscented, but its wonderfully plain white flowers have peaked while the rest of you are starting to notice your conventional forms. At the other extreme, another three weeks of orange blossom still stretch before those of you who bother to hunt it out.

Among the breeders' forms, the latest is Innocence, a sweet and rather thin bush distinguished by flecks of cream on its green leaves. The latest, however, are two wild forms. Incarnatus, which is scented like a hawthorn, and insignis, which is better because its leaves are glossy. People who want a longer season should hunt them out from their few suppliers.

Those who want a quiet life should bless the French and continue to opt for their superb creation, Belle Etoile. After years of experiment, I have reached the same conclusion: the public favourite is the best. Its flowers have a pink-purple centre and pointed petals, and the scent is beyond compare.

If you want a double-flowered form as well, the best two are Virginia and the much scarcer Minnesota Snowflake, which looks like a snowstorm when its flowers bend the branches to the ground. In Britain, Virginia is the common one, notorious for doing the opposite and becoming bare at the bottom beneath its dark green leaves. Virginia, therefore, is the one variety which



Philadelphus: powerfully romantic, stirring the senses of sight and smell

needs to be pruned hard from its early youth.

Is there something smaller, scented and special? Yes, both in shape and also in the size of flower. Among the lower-growing varieties, Sybille is much the best of the various small forms which are now sold in Britain, although it spreads to about 6ft with age. Among the small double forms, the best is Frosty Moon. Together, they answer people who complain that their town gardens are too small for a proper, scented orange blossom.

Among those with small flowers, there is one for people who say their garden is too dry and shaded to be worth much trouble. Under tall trees, early in June, you should try the oldest and sweetest of the varieties long

known in Europe: plain old Coronarius, which has the stamina to put up with neglected life in drab, forgotten corners of London beyond the Thames. The flowers give a heavenly scent.

Years ago, at school, the sight of these shrubs in summer reminded me of other, unregulated worlds. Remove them and high summer will not be the same, not just in those hours of direct sunlight when even a white flower glazes under the impact, but during those late hours of garden prowling when the moon is coming up all orange and only the sweetest, palest and brightest show up. One big bush of Virginia can match the moon by twilight even in this year, there is life without roses, and I doubt if our philadelphus has ever made better use of it.

Fishing / Tom Fort

Down-at-eel duo's Test catch special

WARNING: there are aspects of the following narrative which some may find offensive. There is no sex, gratuitous or otherwise, and all gross and vile language has been edited out. But there are scenes which may be considered depraved. They involve, among other things, a manure heap, worms and eels.

I fear that I could incur the disgust of the purist/traditionalist - the man who splutters at the prospect of professional rugby union, and believes politicians should put the interests of the country before their own. Such a man (if he knows anything about the river Test in Hampshire) will take a dim view of someone who, invited to fish on the most famous trout stream in the world, arrives harbouring ambitions against eels.

It is difficult to convey to a non-angler the degree of the impropriety. To appear at Henley in a kayak, at Lord's with a baseball bat, or to shoot at a crow on a grouse moor might give some idea of my offence.

I could not help it, though. I know I should have been thinking of trout as I bowed down the Test valley past villages like Boscington and Motisfont, hallowed by dry fly men through the ages. But the eels kept intruding. In my car, next to the fly rod and waders, was the eel tackle.

The eel gets a bad press. It is despised and reviled, relegated to the piscatorial ghetto. Its appearance is hideous. Its sliminess and convulsive muscularity make it horrible to touch. Its feeding habits are not salubrious. It lurks in dark places, crawls along ditches at night, and travels halfway around the world to mate.

My defence of my conduct is that it was going to be a long day and a hot one; that I knew the trout would not rise properly until the evening; that I wished to defy convention; and

that I have a soft spot for eels. So does my friend Stephen, who had also been invited, which was why we were soon scavenging in a large manure heap for nasty branding worms.

While the others dozed in the heat of the afternoon, the hunters hunted. We stalked the banks, searching the water for the tell-tale wave of an eelish tail or the movement of its questing snout. Against the pale, chalky bottom they showed up well. Once located, the fun began.

The skill was to land the worms a foot or so beyond the

missed, oaths were uttered. But, by the end of the session, there were half-a-dozen in the bucket and the talk was of eel filets on the barbecue. Stephen, an expert in such matters, described the technique of skinning. Nails came into it, and pliers, but I shall spare you the grisly details.

I would, however, like to commend the attitude taken by our hosts. They were, initially, uncomprehending. Requests for a garden fork and directions to the manure were received with bemusement. Unanswered questions "Can they really be serious?" - hung in the air. But when they knew we were happy, they were happy, too, which made them the best sort of hosts. And when it comes to entertaining small children, live eels in a bucket beat a dead trout any time.

Eventually, we exhausted the thrills of eel-hunting and our minds were recalled to higher things, such as the spotted trout. A delicious evening fell. As the sun declined, taking the glare off the water, the river came to life. Sedges began to hatch, and the trout to chase them.

Stephen, who had removed his trousers because of the heat and was standing in the water in a pair of green checked underpants, rose and missed a fish four times. He looked at his hook, found there wasn't one, put on a new fly, caught a chub and yelled with rage and disbelief. Soon, though, he was catching proper fish. We all were.

A glowing moon rose behind us, and between it and the molten sky in the west flowed the Test, dark and alive with feeding fish. I had a brace of spanking grayling and three trout, all returned. The last fish was a violent, hook-jawed bruiser which must have been close in weight to the four-pounder I had landed in the morning before eel frenzy took hold. Thanks to Test trout, Test eels and kind friends, it had been a magical day.



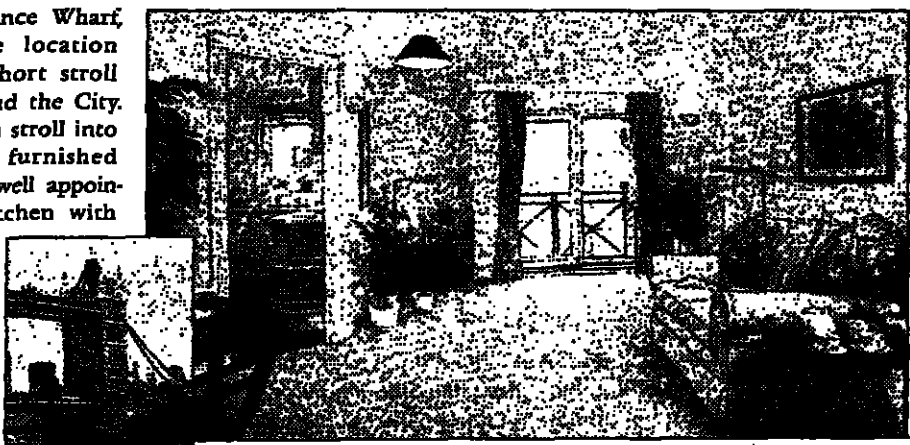
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MOTORING / SPORT

IT WAS the motoring equivalent of dining in three-star Michelin restaurants two days running.

Come to France, Chrysler-Jeep UK had said. Helicopter from Nice to Monaco, drive a four-litre Jeep Wrangler to the Carlton at Cannes for tea. Switch to a Viper for a cruise along the Promenade des Anglais and out into the Alpes Maritimes for the night. Drive the Viper to Monaco next morning for coffee then Jeep to Nice for the flight home.

That was Wednesday and Thursday. Join us at Goodwood on Friday, Aston Martin had said. Try some of our latest cars on the old motor racing circuit. Stay as long as you like. Have a spot of lunch.

What could one say but yes? I will come to the Jeep Wrangler in a moment. But first, the Chrysler Viper and the Aston Martin Virage, Volante and Vantage. Do not let the "V" names confuse you. The only things they have in common are buckets of horsepower and vastly more potential performance than can possibly be

used on the road. Both cars make personal statements about their owners. Aston Martin V8s are as quintessentially English and hand built as a Saville Row suit or a pair of Lobb shoes.

They are for seriously rich people with a library of motor cars. People who may decide to drive the Aston Martin up to Scotland for the Glorious Twelfth because it is sportier than the Rolls-Royce and, I mean, we can always send on the luggage in the Range Rover, can't we?

One feels that if Rolls-Royce had ever made a sports two-plus-two, it would have been rather like an Aston Martin Virage, Volante or Vantage.

A Chrysler Viper is not like that at all. It is an outrageous car, an eight-litre, 400 horsepower, V-10 engine monster with two seats and tyres so wide they look like rubber rollers. It has the finesse of a battle tank. Even before you turn



Ultimate posing pair: 400hp, 10-cylinder Chrysler Viper and four-litre, six-cylinder Jeep Wrangler Limited

the key and set the 10 cylinders bellowing, it exudes excitement. I loved it.

Traffic on the Promenade des Anglais was as free flowing as

a tailback on the M25. But the Viper's clutch is miraculously light when you think of the muscle it has to transmit. The steering is generously power-

assisted. As an attention getter, it is unmatched. When I stopped at the lights, motorcyclists drew alongside, workmen leaned out of vans to ask what

it was, how fast it went (more than 165mph/265kph) and how much it cost (around £35,000 when it reaches Britain).

The great lump of an engine is based on a truck diesel. Lamborghini (owned by Chrysler) lent a hand developing it into a petrol engine for the Viper. It has so much torque (pulling power) that for low-speed town driving, the six-speed gearbox skips second and third and goes directly from first to fourth. At 80mph (130kph) on the motorway in sixth gear, the engine is hardly more than idling. It is not a high-tech engine, and so low stressed it should run untemperamentally for years.

Driving a Viper on the road is a great experience, even though one can only scratch its potential. Having tried one a year ago on a Detroit proving ground's handling circuit, I know it sticks to the road like glue and accelerates like a rocket. But only drivers with

quick reactions should give those 400 horses their heads when pushing it through curves.

Aston Martins, like Ferraris, are different animals when driven on circuits, not public roads full of lesser cars. A Virage, Volante or Vantage (or for that matter a Ferrari 512) feels as wide as a bus in a country lane. But it shrinks in the privacy and unlimited elbow room of a race track on which a handful of cars are all going the same way. In Park Lane or Piccadilly the rich furnishings of an Aston Martin impress.

On Goodwood's short straights, fast bends and tight corners, you learn that inside all this extravagantly expensive (from £133,574 to £177,600) luxury package there is an athletic car itching to get out.

All Aston Martins have 5,340 cc V8 engines with twin camshafts operating four valves per cylinder. The standard Virage hardtop coupé or Volante

cabriolet do 155mph (250kph) the Vantage 170mph (274kph). I did not drive the 550 horsepower Vantage, which sounded like a low-flying aircraft as it accelerated out of the chicane and past the pits. But former Grand Prix driver Peter Gethin, who gives all Vantage buyers a course of instruction at Goodwood, took me round for a few quick laps. It was not for a white knuckle experience; just enjoyable, with the same tinge of apprehension one feels when putting a horse at a fence.

And the leather-seated Jeep Wrangler Limited? I nearly forgot. On a hot sunny day, hood and doors off, it was great transport in the south of France. It would be, too, for extroverts in Britain, drawn by its promise of a wild blue yonder lifestyle, even if they only drive it in London SW3.

It will see-off most cars up to 80mph (130kph) and felt fine, if a mile draughty, at 80mph (130kph) on the motorway, at which there was a lot of power in hand. All this, with more off-road capability than 99 per cent of owners will ever need, for £14,995.

Open Golf

Laughter in the rain

Derek Lawrenson on a downpour that washed away the worries of the world's top players

THE RAIN that fell in biblical proportions on the eve of the Open saved the tournament from being decided by the luck of the bounce. The waters doused fairways so hard that cruel bounces would have been the rule rather than the exception.

When the championship began, an entire flock of mentally scared golfers suddenly discovered they could think straight again. In some instances, this had not been the case for months. Now the taut facial muscles softened, the smiles returned. The consequence is that the Open goes into its final two rounds with the strong possibility that it could be one to remember.

Was there one heart among the 28,000 spectators who risked fractured limbs on Thursday, walking along rolling hills made treacherous underfoot, that did not swell as Severiano Ballesteros remembered how it felt to be young again? And what about Greg Norman, or Fred Couples, or Mark Calcavecchia, or Jack Nicklaus? What a thrilling coincidence that

they should all come up with an answer to their indifferent form at the same time. What has made the first half of the event even more of a joy is the contrast it offered to the sense of foreboding that hung over the proceedings on Wednesday afternoon.

Players rarely moan in advance about conditions. There is no sense in placing yourself two down mentally before striking a ball in earnest. But the fairways at Royal St George's do not roll gently in front of a player as they do, say, at Muirfield or Birkdale. They are covered in small pimples of turf and when these are baked motorway-hard by months of hot sun then the element of chance rises to unhealthy proportions.

Then there are the blind shots. Norman, who stands 6ft 2ins, reckons there are 14. Asking a player to hit a blind approach shot and pitch it 40 yards short to take account of the wind and the scorched earth and then hope for a kind bounce places fate too highly up the list of questions that a prospective Open champion should be required to answer.

The wet stuff changed all that, and when yesterday brought a stiff westerly breeze, the correct balance had been restored and the tournament was placed back in the hands of the shot makers. Bernhard Langer and Couples, two players who easily fall within that definition, were the first players to make their presence felt yesterday. This was a tad surprising because on Tuesday, Couples had said he had no chance of winning, and on Wednesday, Langer had said he had little chance either.

Couples admitted that sloth had got the better of him. He used to be a couch potato in his college days until his wife, Debbie, gave him the proverbial kick up the backside. But Debbie hitched up her mini-skirts last year and moved on and Fred has been buried ever since in divorce paperwork and re-runs of old American TV sit-coms.

"With everything that's been going on, I've just been a bit lazy," he said. The Open was to be merely the start of a return to serious competition, but the American possesses a natural talent that

borders on the outrageous and so removing the layers of rust is not the problem it might have been for others.

Birdies tended to come in pairs for Couples yesterday. At the second and the third, for example, and the 12th and the 13th. At the 18th he had an 8ft birdie putt that brought the course record of 64 within his compass. But he missed it and dropped shots at the 17th and the 18th holes. Still, he finished with a 65, and an eminently useful six-under-par total. Not bad for someone with no chance.

Langer arrived at an official function on Tuesday evening looking like someone had strapped a plank of wood to his back. Guardsman straight wasn't in it. He said that his neck was still troubling him, and his ball striking was not as he would like, and so naturally everyone who likes a bet and who possessed this inside knowledge put large amounts of money on him. In every great golfer there is the touch of the hypochondriac. Hence the cliché: beware the injured golfer.

Mental bruising is far more difficult to cure. Watch Ballesteros and Norman on the practice ground and they hit drives that do not deviate by more than 10 yards either left and right. Contrast that to the play itself. Ballesteros's opening drive in the championship was in the thick rough. His drive to the 17th was almost as wide as it was long. He told a glorious fib afterwards, saying he had only missed three fairways but who cared because his short game provided vivid reminders of the most sublime talent we shall ever see. They even came out of the hospitality units.

For the first time in an Open, these have encroached along the 18th fairway. They are still a discreet distance from the action and do not encroach on spectator paths. It is not like a tacky sponsored event. All the same, let us hope this is not the thin end of the wedge.

A piece on the Open without a mention of the man who has given new meaning to the words daily papers? That would be a novelty. John Daly's day will come, but not this time. This weekend the more experienced shotmakers will dominate TV screens. The week began with stories about Payne Stewart's enlarged heart. With so many good players in contention, a big heart will be quite an asset tomorrow.



Driving in the wet: Payne Stewart on his way to a first-round 71 at Sandwich on Thursday



The view from Jack's front room

Acres of rolling Kent countryside. 560 acres in all at The London Golf Club where Jack is the new Honorary Club Captain.

But Jack's involvement is much more than 'honorary'. For his Golden Bear Company supervised the whole LGC complex and Jack personally designed the 'Heritage' course.

The view from the Long Gallery Bar is breathtaking. But so, too, are the views from the other terraces which help to make the clubhouse something really special. And with internal and external spa baths, an international restaurant and a Teppanyaki Bar, members and their guests will be able to recover from the challenges of the courses in supreme comfort.

Indeed, from the moment members arrive at the LGC they will find a level of service and comfort seldom experienced at other clubs. Their golf bags will be transported from car to starting area. And then they have the choice of buggy, caddy or both. Of course, if members want to carry their own golf bags, that's fine too.

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Olympics/Keith Wheatley
Cities of gold

not be pushed around.

With 10 weeks to go, the temperature is rising among the bidding cities. The publication last Monday of the IOC's technical report added fuel. It gave Sydney highest marks, saying that it "felt the concept of the Games was based on priority to the athletes". The Australian city has long been a front-runner, so the report was little more than another A+ for a high achiever.

Perhaps more interesting was the bucking it gave the bid from Brasilia. Senior IOC figures have already privately dismissed the Brazilian effort as the worst in Olympic history. Samaranch conceded in London that he had asked them to withdraw, but Brasilia had complied with the regulations and he was powerless.

In Monaco, the voting will take several rounds, with the least-supported city dropping out each time until a clear majority is achieved. Stories are emerging of a Latin-American first-round block vote, orchestrated by FIFA president Joao Havelange, to prevent Brasilia's humiliation. If such a scheme mustered, say, just 10 votes on the first ballot, when members often vote to fly the regional flag, it could knock out candidates such as Manchester or Sydney.

Samaranch concedes the possibility that he shrugs the resigned answer of the diplomat he once

was. "I cannot properly tell my members not to vote for them. And if I did, maybe they don't follow my advice when they write on the ballot slips."

He had just returned from a visit to Manchester, inspecting the extant and planned Olympic facilities. He found the northern city in jubilant mood, following the technical report which had placed it second to Sydney and far ahead of Beijing. Comparing Manchester's present state with his visit four years ago in connection with the bid for the 1996 Games, Samaranch was complimentary. "Manchester is now a bid with stones, not just words," he said, referring to the building projects under way or just completed, such as the Olympic terminal at the airport.

In spite of Samaranch's policy of verbal and voting neutrality - he does not vote in the choice of city - there are signals that Beijing is his baby. He said that he was pleased that the Olympics are now symbolically and commercially powerful enough to be the engine of change, although he is careful to insist that the IOC is not a deliberate agent of "political change."

"The 1964 Games in Tokyo were the turning point for the post-war Japanese economy," he said. "Seoul brought big changes in politics and economics. It is now the second most powerful economy in

Asia and they have a full democratic government."

Asked if he thought choosing China would be a high-risk strategy for the IOC, Samaranch accepted that it would divide the Olympic family into two camps. "Some people say that to support Beijing is to support the Chinese government. Others believe that it would support the possibility of huge economic and political changes in China." In other words, the Olympic movement, as the good fairy, is able to achieve through "Higher, Faster, Stronger" what the policy of nations assembled elsewhere have been unable to manage.

Samaranch will not necessarily get his way. Bidding cities have seldom been able to assemble enough committed friends to guarantee a win. If that had been true they would have won at the first ballot. "The crucial thing at this stage is not to have enemies," said a senior, highly experienced Manchester figure. On that basis, the most likely betting order is Sydney and Manchester followed by Beijing. Do not stake the rent money on Istanbul, Berlin or Brasilia.

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مكة امه الاصل

BOOKS

Romantic whose roots reached deep into the stony soil

Michael Glover on the troubled life and misunderstood work of John Clare, the 'Northamptonshire Peasant' and poet whose bicentennial falls this week

UNLIKE many other poets of the English countryside, John Clare, who was born 200 years ago this week, had a thoroughgoing knowledge of every aspect of rural life and he wrote about it without sentimentality. Given his background, this is not surprising. Born in the small village of Helpston, then in Northamptonshire now in Cambridgeshire, to parents that Clare himself described as "illiterate to the last degree", he worked at a whole range of physical tasks as the occasion and the needs of the family demanded: as corn thrasher, ploughboy, gardener (at Burghley House, Stamford), lime burner and pot boy at the local inn. And even when at the height of his brief period of fame in the 1820s, he continued to plough the land.

His "conversion" to poetry took place at 13. He was lent a copy of Thomson's *Seasons*, a sequence of vague pastoral encomiums that was much in vogue at the beginning of the 18th century. The book made Clare's heart "titter with joy". By the time he had reached his 20s, his own verse had been brought to the attention of John Keats' publisher, John Taylor, who released his first collection of poetry in 1820: *Poems Descriptive of Rural Life and Scenes by John Clare, a Northamptonshire Peasant* - title fit to make a proud provincial blench.

It was reprinted several times and Clare, on the wings of unanticipated success, made several visits to distant London, where he had his portrait painted by William Hilton (RA) and was generally lionised, at the age of 26, as the capital's newest literary celebrity. Unfortunately, the succeeding volumes sold less and less well. Clare, it seems, was unable to meet the general public's - and his own publisher's - incessant demands for novelty. In fact, by the

middle of the 1820s his publisher, once a helpmate, had become a torment. Why was this so? Clare was a poet who worked by his own lights, spelling and punctuating exactly as he saw fit, and the opinion of his publisher, would be less and less likely to find appeal in the market-place. Unlike some of the other great Romantics - Shelley, Wordsworth and Coleridge, for example - Clare was not a man accustomed to seeing sermons in

COTTAGE TALES

by John Clare

Carcanet £9.95, 158 pages

JOHN CLARE: THE POET AND THE PLACE

by Peter Moysie

Crossberry Press, Helpston £11.95, 120 pages

stones. What he saw were the stones themselves, all that hard, flinty glitter, and he did his utmost to describe them with a particularity unequalled by any previous poet.

The countryside that surrounds Helpston, a terrain of harsh, spare beauty even to this day, is flat, with a great expanse of sky. It was Clare's ambition to preserve an honest record of it, and its customs, in the teeth of the double despoliations of the Enclosure Acts and the advent of the railways.

John Taylor attacked Clare repeatedly for using "the language of common everyday description" and for eschewing the pressing need to introduce an element of human interest into his nature poetry. These were, after all, the years in which the novel was coming into vogue. Poetry must be seen to compete. Clare remained his vulgar self.

obstinately inclined to write of low rustic manners, doggedly refusing to soar into loftier regions.

Taylor cut his manuscripts ruthlessly, changed words, objected to the vivid local usages that Clare felt most appropriate, and introduced an abundance of punctuation so that the eyes of the middle-class country tastemakers from the metropolis would glide smoothly from line to line and not be brought up short by bewildering grammatical or orthographical idiosyncrasies. Nowadays - and it has taken this long for publishers to recognise that Clare was not being deliberately wrong-headed and perverse when he chose, like Yeats, to follow his own instincts - publishers print his poems just as he wrote them, warts and all, and the lack of punctuation, we now see, helps to give them a willing, teeming, gulping quality that adds to the richness of the poet's own observations.

His later years were a protracted agony, the last quarter of a century being spent in the Northampton asylum, where he continued to write, though now it was poetry of a much more rootless kind. He had needed Helpston. Without the familiarity of his home village, its sights, sounds and smells, he felt wrenched up by the roots and tossed aside.

Two new books have been published to coincide with the bicentenary of Clare's birth. *Cottage Tales* is a collection of narrative poems that Clare intended to include in *The Shepherd's Calendar*, his third book of poems; *John Clare: The Poet and the Place* juxtaposes poems by Clare with photographs of some of the places in and around Helpston with which he would have been familiar. The excellent *John Clare Society* can provide a list of bicentenary events (s.a.e. please) upon request to: Peter Moysie, The Stables, 1a West St, Helpston, Peterborough PE6 7DU.



How the lords survived

THIS IS a very important and salutary book. It is obviously an expanded Ph.D. thesis, intent on nailing every generalisation to hard objective proof. Although weighed down by tables, it is written with elegance and clarity.

I have argued for years that the right question to ask about the aristocracy in the 19th century is not why it declined, but how did it survive. Bruised it may have been by the extension of the franchise in 1832 and by the fall in the value of land in the 1870s. Reform - the long, slow tentative adoption of limited democracy throughout the century - may have acted more like the death watch beetle attacking age-old oak than dry-rot racing through the structures of British government. As Adonis makes clear, the phantoms that horrified the peerage in the early 1880s were largely imaginary. The power of the peerage remained great but they lacked political will. They hated attending the House of Lords. It rarely met for more

MAKING ARISTOCRACY WORK: THE PEERAGE AND THE POLITICAL SYSTEM 1884-1914 by Andrew Adonis Oxford £35, 311 pages

than two or three hours in the late afternoon and rose before dinner.

In crises that threatened their powers they poured into London and filled their Chamber, but these were very rare. More important than the House of Lords was the aristocratic domination of the Commons, the Cabinet and the vast and growing patronage of imperial as well as local government. The aristocracy and its smaller element, the peerage, dominated the institutions of government, great or small. And it was Salisbury who gave the necessary leadership to these powerful political and social forces. Its mass base was created by the Primrose League, an astonishingly effective political machine.

That and "platform speaking". Addressing mass political rallies was a novelty of the late 19th century. Salisbury (who loathed them) went regularly to political rallies, so did Rosebery and the other 19 members or relations of the peerage who made up his 1895 Cabinet. They were not only peers - they were full-time professional politicians, superbly good in their professional skills and as hard working as any cabinet minister today.

Adonis makes his case over and over again that the end of the 19th century showed a resurgence of the aristocracy, particularly the peerage, whose power was greater perhaps than that enjoyed in the early part of the century. I hope his book puts an end to the Gutsman thesis that the aristocracy began its demise with the Great Reform Bill and went downhill until the present day.

However, there was a worrying institutional problem in the House of Lords itself. Except in dealing with private bills, it was extremely inefficient. Attendance was poor and interest not great. It was happy to leave matters to the men of business so long as they did not rock the boat by hints of reform. They filled the House every year to debate whether a man might marry his deceased wife's sister - but rarely for anything else. Salisbury and Rosebery saw the problem.

What they wanted was a hard working House of Lords, which is why they both toyed with the idea of life peerages. The idea was, of course, rejected. The Lords were more concerned with immediate self interest and power rather than the long term, and they paid for it in 1911. Yet they still survived and, to some extent, they became a reality.

The effects of the survival of hereditary power on society, on culture and on the nature of our institutions still needs work before we can talk about the fall of the aristocracy. It is still with us, it still permeates British life: John Major's classless society is almost as remote as the stars.

J H Plumb

I MUST first of all declare an interest, as I appear fitfully in these pages as Kenneth's producer of the five shows we did together. This is revealed in the tone of voice, often disapproving, that he reserved for those with whom he was working. But what does not emerge (perhaps expurgated by Russell Davies, as I am one of the few members of Kenneth's circle still alive) are the many occasions when we were together as friends long before we became colleagues; and the latter years, when we had drifted so far apart professionally but resumed our friendship in what was to be the last year of his life.

These diaries certainly have an unpundamental quality about them, with the appeal of eavesdropping on the conversation of a unique personality. The entry for April 3 1988 reads like an unmitigated bowl of pain. And yet I have singled this day

The despair of being Kenneth

THE KENNETH WILLIAMS DIARIES

edited by Russell Davies

HarperCollins £20, 827 pages

out because I realise that it was the last time I was to hear from him. As we were neighbours, he delivered this note to me by hand: My dear Michael 8.4.88

Thought of you ALL DAY yesterday. Tried to phone but your office no, which I have proved useless. Wanted to ask if you'd seen the news about the death of Myra De Croft? It is extraordinary cos she'd written to me saying she was coming over to do Chat Shows here! apropos her part in NEIGHBOURS! Must have been a very sudden death. She was 51.

(Thanks) for your card this morning. Yes - the ULCER is back with a vengeance. Made me give up the fags. Said if the Zantac doesn't work THIS time I'll have to be operated on + the

surgeon added "Sooner the better because let's face it, you're no chicken..." They kept me in the Cromwell for 2 days - tests etc. - Oh! How I HATE these places!

I have quoted this letter because there is still the glimmer of humour which Kenneth tried to retain when talking among his friends, saving his desolation for the diary. The tone of

the reviewers of the diary has reflected that strain of despair that underpinned Kenneth's existence.

But the diaries were not the whole of his existence; they cannot, do not, convey the exhilaration that his very presence would produce. He surely must have been the funniest man to have a conversation with; admittedly this would usually mean the conversation would quickly devolve into a one-sided affair because his erudition was skilfully blended with his sense of the ridiculous, and he knew that he was most loved at his most outrageous.

The role that he seemed to play in public dwindled into a self-disgusted observer of his own foibles when alone with pen and paper. This is

the most startling revelation of his diary. That he could have the presence to record, when only 21, while having a coffee in Fortes among his fellow homosexuals, "How many future tragedies were present tonight", explains perhaps that he was always half in love with himself.

These diaries have enabled me to see in retrospect why so often our professional sorties, starting out with hope and optimism, ended in a state of stress. He realised that he did not seem to belong to any category of artist - "too good for fat, not good enough for the truly art-purposive Theatre".

The legacy of Kenneth will be for all to share in the recordings of his

BBC shows; even now they are able to provoke hysterical laughter. For myself, I have a constant personal reminder of the contribution he made to my career as an impresario. The success of *Share My Lettuce* was for both of us a crucial turning point; he became a comic actor of the first rank and I had the conviction to continue as a producer after two disastrous starts. I see every day of my working life, in the entrance to my office, a scroll which he had designed and calligraphed and which reads:

Presented to Michael Codron by the members of his company in the production entitled *SHARE MY LETTUCE* on the occasion of its third London opening at the Garrick Theatre, subsequent to the runs at the Lyric Theatre at Hammersmith and the Comedy Theatre, Panton St.

Michael Codron

AFRICAN animals, particularly the elephant, have become one of the most powerful symbols of the conservation movement, and one of the most divisive. Rows between conservationists centre on whether the 1989 ban on ivory trading is the best way to safeguard their future. Some favour "sustainable harvesting" - farming elephants for meat and hides, and allowing hunt to shoot them for sport, to raise money and give African countries a reason to protect them. Most controversial is the allegation, increasingly made by environmental groups, that the longest established international conservation bodies are insensitive to African needs.

In *Survivor's Song*, Della and Mark Owens put themselves among those who see killing wildlife as defilement of paradise and the ivory ban as the best way to stop the killing. The book begins with their expulsion from Botswana following their criticism of the government for encouraging cattle farming at the expense of wildlife. Their search for a "new Eden" ends in the wilderness

of Zambia's Luangwa Valley. The Owens are unashamed, particularly in the passages written by Della, of their romanticism. Della "craves sinking into Nature and learning her ways", and they plead for their favourite elephant, Survivor, who escapes the poachers: "He just wants to eat these fruits, wander these hills, and live with his own kind. It is not too much for his kind to ask, or for our kind to give".

But the confusion of their metaphor of paradise - their banishment from Botswana was because of the government's sin, not theirs, they feel - sets up an ambivalence towards Africans that runs through the book. They spend more time describing what a hunted elephant might feel than on the feelings of villagers whom they are trying to wean off poaching. Their identification with animals also leads to uncomfortable anthropomorphisms, such as calling a forest clearing

SURVIVOR'S SONG: LIFE AND DEATH IN THE AFRICAN WILDERNESS

by Della and Mark Owens

HarperCollins £17.50, 206 pages

AT THE HAND OF MAN: PERIL AND HOPE FOR AFRICA'S WILDLIFE

by Raymond Bonner

Simon & Schuster £16.95, 322 pages

THE MYTH OF WILD AFRICA: CONSERVATION WITHOUT ILLUSION

by Jonathan S Adams and Thomas O McShane

W W Norton £15.95, 266 pages

filled with bones an "elephant's Auschwitz". In many places the Owens appear to feel closer to animals than to people, even to each other - they split at one point, disagreeing on how to fight poachers.

Much of the book is a gripping adventure, particularly the accounts of the poachers' attempts to kill the couple. It has something of a happy ending - the Owens say that when they started in 1986 the elephants were being poached at the rate of 1000 a year, but that had fallen to 12 a year by the end of 1991. But it is unclear whether this is due to their battles with the poachers, their loans to villagers or the 1989 international ban on the ivory trade. Their proposed solutions are also tentative - they hope that tourism should be "designed so that it does not disrupt the ecosystem", and limited to old-fashioned walking safaris.

Raymond Bonner, a former reporter for the *New York Times*, gives in to no such romanticism in *At the Hand of Man*. He accuses the World Wide Fund For Nature, in particular, of being steered too much by public opinion during emotional 1980s advertising campaigns, and for being driven against the judgment of its scientists into supporting the ivory ban. He is hard headed about his backing for "sustainable" use of big animals, including culling them when their numbers grow too large.

But although provocatively written, with an investigative journalist's eye for where the money comes from and where it goes, it is clumsily expressed. He uses layers of sub-clauses to capture the nuances of internal WWF wranglings, in a way that eventually slows his argument.

His portrait of the WWF is also partly countered by the perceptiveness demonstrated by Adams and McShane, who are longstanding WWF staff. In *The Myth of Wild Africa*, in many ways, theirs is the most thoughtful of the three books in analysing the reasons for the past intractability of the problem.

Their target is the kind of romantic views espoused by the Owens: the "comfortable belief that Africa is a paradise to be defended, even against the people who have lived there for thousands of years". They are at their best in tracing through history and literature "the deeply rooted concept of wilderness that lies at the heart of the myth of wild Africa". Instead they argue that human population growth will increasingly affect even the remotest areas and that "traditional conservation, which saves animals at the cost of people" is doomed.

So far, so convincing, but their proposal for joint African and Western schemes which will "eventually... give control back to the African nations" is scarcely spelt out. As a result, their final wish for an approach to conservation "in which people and their needs are brought back into the equation but the animals are not abandoned" looks - without more elaboration - almost as wishful as the romanticism they have condemned.

Bronwen Maddox

WHAT is the difference between a participle and a gerund? When is it appropriate to use a semi-colon in one's writing, and when a colon? How should prose style best serve readers' interests? The answers to these and many allied questions are to be found in this instructive and entertaining essay by Michael Dummett on the fundamentals of good English.

Until his retirement two years ago Dummett was Wykeham Professor of Logic at Oxford. Goaded by signs of increasing illiteracy among university examinees, he intended this concise guide to English for students. But the prevalence of bad English in the quality press and broadcasting media - and among his fellow dons - prompted him to offer it more widely. He per-

forms a valuable service. For, in just over a 100 pages, he provides most of what anyone needs to know about the anatomy and physiology of English: which is to say, its basic grammar and its proper use.

There is much talk about the problem faced by school-teachers in giving their pupils a proficiency in written English. In my view the best way is to make Latin compulsory to GCSE standard and to have all GCSE write weekly essays. In the current educational environment, with its flabby attainment targets and reluctance to make demands on schoolchildren, such a proposal will get nowhere. The remedy is to encourage anyone who writes, by choice or necessity, to check their use of language.

Dummett's first two chapters introduce grammatical basics. Without some grasp of these

Clear instruction

GRAMMAR AND STYLE

by Michael Dummett

Duckworth £8.95, 125 pages

Party seems to have been to induce everyone to misuse the tag "breaking the mould". It comes from Ariosto's *Orlando Furioso*, in which the poet says of the Scottish hero, Zerbino, that "Nature made him, and then broke the mould", so that she could never make his like again. To break the mould is therefore, in general, a deplorable, not an admirable, thing.

For Dummett, the fundamental rule of good writing is that it should leave readers free to

concentrate on the thought. Well-mannered prose does not obtrude on the reader's notice; it is a transparent medium. It must therefore say what the writer means, without ambiguity and without forcing the reader to hunt through a tangle of inversions and dependent clauses to extract a sense. And it should be free of such irritations as clichés, mixed metaphors and misused terms. Dummett gives many examples of poor English, many drawn from respectable sources.

Critics of Dummett have in the past claimed that his writings - mostly huge philosophical treatises, although he has also written about voting systems and card-games -

themselves fall as models of clarity. This is unfair; Dummett's philosophical work deals with extremely complicated ideas, but always in forthright fashion. Dummett's best-known books, it is true, are scarcely the stuff of bedtime reading; but it is the difficulty of the issues they deal with, not the language they are written in, which makes this so.

The best book ever written on how to use English well is the classic by Robert Graves and Alan Hodges, *The Reader Over Your Shoulder*. Its two authors randomly selected passages from Bertrand Russell, H G Wells, T S Eliot, J M Keynes and others, and subjected them to devastating analyses for faults of logical weakness, irrelevance, over-emphasis, false contrast, misused terms, inappropriate and mixed meta-

phors, circumlocution, awkward inversion, and a rash of other blemishes and errors besides. The lessons they teach are unforgettable. That book is very difficult to find now, but Dummett's guide is a worthy substitute. By its help the written tongue may yet survive its present grim malaise.

A C Grayling

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BOOKS

Sinan, master builder of the Ottomans

Patricia Morison on the life of an architect who reinvented the mosque and influenced the cathedral and church builders of Europe

IF AN arrow had despatched the young Sinan as he marched with the janissaries across Hungary, it would have been as great a loss as if Leonardo, Michelangelo or Bramante had never lived. This is the contention of a book which is no narrow academic study but a deeply perceptive inquiry into the nature of architectural achievement.

Not a lot is known about the life of Sinan, a boy from a Christian village in Anatolia who was recruited into the Ottoman army. He became Royal Architect and died in 1588 aged 100. Building bridges and siege warfare taught Sinan his craft. In Istanbul and Edirne he went on to build mosques and public buildings which were

OTTOMAN ARCHITECTURE AND ITS VALUES TODAY
G Goodwin
Saqi Books £29.95 132 pages

brilliantly engineered to withstand earthquakes. (Gleefully, Goodwin points out that master masons achieved a less impressive record for Gothic cathedrals.)

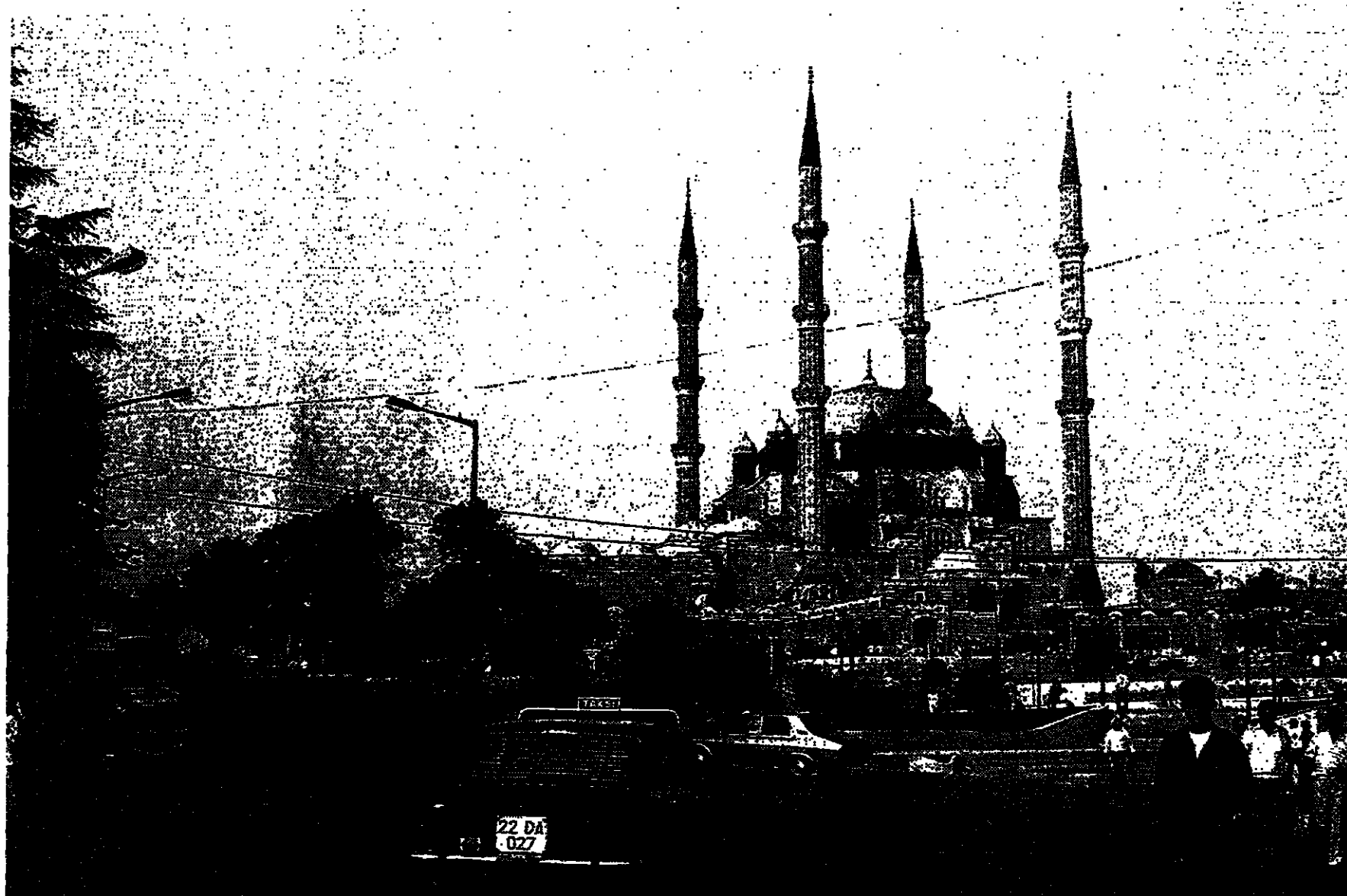
Ironically, Europeans may have appreciated Sinan's achievement more in times when it was harder for infidels to see his buildings at first hand. Wren, pondering the dome of St Paul's, interrogated the Turkish merchant Roger North about the construction of the mosque of Süleyman. "Oxford would never have been the same," says Goodwin of Hawksmoor's plan to build a version of the Süleymaniye on the site where the Radcliffe Camera was later built.

For the supreme achievement of Sinan one must visit the Thracian city of Edirne and the mosque of Selim II, the Sot. Here is "the dome to end all domes", the climax of a building which Sinan named as his finest. The second half of the book analyses what it is that sets this masterpiece apart as a breakthrough in the history of architecture. Ottoman mosques before Sinan had reached an aesthetic dead-end because of architects' rigorous focus on "the elemental symbolism of the perfect hemisphere set on a cube". Sinan unified the pleasing disparate elements – the slender stone minaret, the domes, semi-domes and the courtyard – and then set free interior space and exterior forms.

A short, easy-to-read book on Sinan was badly needed because, as many among this year's crop of tourists will surely discover, being frog-marched by a guide around the mosques of Istanbul is not an enlightening experience. To get the best from Rüstem Pasha means waiting until light filtering from the dome brings out the richness of superb glass and tiles. Sheltering from the sun under a portico is the way to appreciate the particular grace of Shezade Cami's courtyard.

Moreover, it is time well spent to observe a foreign mode of worship. At least now and again, we should watch discreetly as someone makes their *namaz* and linger as the courtyard of Sokulu Mehmed Pasha fills with the babble of boys in black pinafores memorising the Koran.

Western church architecture is dominated by the idea of procession to the altar. Mosques, however, require that the



Sinan's supreme achievement: the Mosque of Selim II, the Sot, in Edirne

worshipper stays on one spot to perform his prayers on one spot from where he should see the *mihrab*, symbolic of the door to Paradise.

Another fundamental difference between church and mosque is in the experience of light. Whereas Byzantine churches had been places of shadow, Sinan's mosques were filled to the greatest possible extent with light, symbolic of the

divine enlightenment possible for all believers. Admiring the shafts of light which strike down into the immensity of Aya Sofya, we should remember that Sinan had the windows enlarged.

To the layman, Turkey's classical mosques appear timeless. Goodwin shows that this is not so. Sinan's original decorations have been crudely over-painted. It is impossible for us to imagine his domes

when they were lit by the beautiful oil-lamps which now sit "like dumb nightingales" in museums. Columns and pavements used to be polished, an effect which can still be appreciated after rain. Minarets equipped with tape-recorders by lazy muezzins are "as dead as drained teeth."

Goodwin is entitled to protest, after doing so much in his scholarly career to

introduce a wide audience to Ottoman culture. Thanks to his books, many visitors to Turkey have found their way to obscure mosques and bath-houses. Moreover, he has provided the kind of insight which helps to bridge the gap between alien traditions and alien faiths. Sinan is the culmination of this achievement, a book which no one who loves Turkey should miss.

Answering back

DAUGHTERS OF DECADENCE: WOMEN WRITERS OF THE FIN DE SIECLE

edited by Elaine Showalter
Virago £6.99, 326 pages

THE NEW WOMAN: WOMEN'S VOICES 1880-1919
edited by Juliet Gardner
Collins & Brown £6.99, 318 pages

A *White Night*, a feminist counterpart to *Heart of Darkness*, where a girl on her honeymoon sees a woman ritually buried alive in a Spanish convent, at the heart of whiteness. In a horrid dénouement to her dissection of idealised purity, Mew later killed herself by drinking disinfectant. Her *White Night* also recalls the French *roman blanc*, a sleepless night or twilight zone of consciousness where fantasies and fears are enacted.

Written after *A Doll's House* but before Freud and *The Interpretation of Dreams*, such stories still flow off the page breathless with self-discovery and excitement at finding in dream and hallucination metaphors for liberation. An *Egyptian Cigarette* is Kate Chopin's opium dream of seduction by a sheikh; in *Theodora Victoria Cross* plays out androgynous eroticism in a game of oriental dressing up. Individually, these are curiosities; together they compel as testimony to

the growing awareness of sexual possibilities.

Elaine Showalter's excellent introduction suggests these writers were experimenters who paved the way for the feminist modernism of Virginia Woolf. Some of the best stories are savage assaults on the old guard: two, *Lady Tul* and *Miss Grief*, tell of gifted female novelists destroyed by a

patronising hack modelled on Henry James. He never forgave their authors the "treachery to private relations". In another, Ada Levenson, who wrote a parody of Salome at dinner ("Is that mayonnaise? It is the mayonnaise of salmon, pink as a branch of coral... the pink roses that bloom in the garden of the queen of Arabia are not so pink"), mocks the sexual cruelty of a narcissist based on Wilde.

Refreshing, powerful, different from anything by male writers: these stories make a rich, coherent anthology. *The New Woman*, which explores the socio-historical background of such fiction through letters, diaries, memoirs, is a sort of prosaic cousin. There are highlights here too – Beatrice Webb on the "stupendous sacrifice of marriage" to Sidney Marie Stopes on why "nice" people expect women to have no sex drive – but much is of academic interest only.

Juliet Gardner's theme is the dawn

of new opportunities for women at work, in education, in and out of marriage, and her division of material into these sections throws up parallels and contradictions, differences between then and now. The material has been well researched, but little in the analysis is new, and the scissors and paste approach is maddening when it gives only tidbits from correspondents like Woolf and Dora Carrington. Interspersed with a great deal that is turgid and dated.

Anthologies of women's writing are a growth area, and both these books will appeal to devotees. But the problem with reviving women's writing at all costs is that the mediocre and best-forgotten is carried along with the real and worthwhile discoveries, with the risk that women's work is further marginalised rather than brought into the mainstream. This is where *The New Woman* falls down, while *Daughters of Decadence* is a model, offering literature of originality, quality and a cultural interest which extends beyond the gender of its authors.

Jackie Wullschlager

India in a single word

THE Mandukya Upanishad says, "OM, this eternal word is all that is, what is, and what shall be, and what is beyond eternity. All is OM... It is beyond the senses and it is the end of evolution. It is nonduality and love. He goes with self to the supreme Self who knows this, who knows this." Geoffrey Moorhouse has made many passages to India in the past 25 years; the latest was to South India in 1992 and the outcome is this book. *OM* falls somewhere between V.S. Naipaul and Jan Morris. If I were marooned on a desert island I would not ask for *OM*, but I would take it with me on a train or an aircraft journey. Its unhurried pace, gentle melancholy and occasional flintiness would ease the tedium of a long flight.

Moorhouse gives an honourable reason for his 1992 trip to India: "And here I am again, on a further stage of my own Indian pilgrimage, hoping to understand something more of the great subcontinent. Also, trying to find another part of myself." It is entirely possible for a man to find his spiritual home in another country.

The key word is "understanding". Writers from the West so often come either to applaud or to condemn. Others get smitten by India's holy men, many of whom are dedicated frauds. Those who seek understanding are rare.

Ancient India lives on in South India. It is refreshing to find an author spending three months visiting 12 cities and towns, none boasting the false glamour and synthetic liveliness of Bombay or Delhi. Moorhouse, it appears to me, has

caught the spirit of the south. He has got Madras just right. He is excellent on Pondicherry, the Sri Aurobindo Ashram and the Mother. (I had a brief glimpse of her in 1966. She inspired neither admiration nor awe in me. Sai Baba also gets a benign dose of Moorhouse scepticism.)

OM has some utterly beautiful passages. The first sentence in the book conquers the heart

OM: AN INDIAN PILGRIMAGE
by Geoffrey Moorhouse
Hodder & Stoughton £16.99, 234 pages

and soothes the mind. Stand on the southernmost tip of India at Kanya Kumari, he writes, "this is where India begins. On this curve of land, whose stained shore is washed by the jade green sea, an entire subcontinent is poised as if upon a sharpened point."

India helped Moorhouse to some extent to come to terms with personal grief: "India... has taught me no longer to strain and fret against my inadequacy, for India was above anywhere else, the land where every distinction of faith, every equivocation, every doubt, every reticence was commonplace... I said my last prayer (at San Thome) in India and asked that I might be allowed to return."

OM is a sensitively written book by a man whose knowledge of India, her religions, her past, her literature, is both vast and deep. A very worthwhile read.

K Natwar-Singh

A yearning for context

"IF YOU don't shut up, Arnold, I'll direct this play as you wrote it" – a celebrated admission from John Dexter to his long-time collaborator Arnold Wesker gives a fair indication of both his candour and lack of tact.

Dexter was one of the sacred masters of post-war theatre and advance word in thespian circles was that publication of his memoirs would cause as much consternation on the South Bank as Alan Clark's had at Westminster... this is unlikely to be the case.

Indeed, apart from the same unrepeatable epithet applied to Rudolph Nureyev and Anthony Hopkins (the latter of whom is described as not only ambitious, cowardly and self-deceiving but a sexual failure), a lack of respect for the intellect of Eddie Kullukundis and the manners of Alan J. Lerner, and the obligatory venom spat at Peter Hall, "His Majesty Hall" "Lord Vestibule", by ancient members of the Olivier regime, the book is notably short of vituperation. He is a positive Pollyanna compared to his old friend, John Osborne.

And yet, if it is an old-ran in the gossip stakes, there's little of substance to compensate. In spite of the

teasing title – a posthumous biography – it amounts to an ad hoc collection of notes, diary entries, memoranda, letters and commonplaces edited by Dexter's close friend, Riggs O'Hara. While such documents have a vital place in the writing of a biography, they are less compelling as the entire book.

Dexter was one of the greatest directors of the last three decades, notable for his many collaborations with Wesker and Shaffer, as well as premiere productions by Arden, Osborne, Rattigan and Griffiths. His classical productions included Oliver's *Othello*, Ploewright's *St Joan*, Gambon's *Calisto* and the McCowen-Riggs *Pigmalkion*. He discovered the translating talents of Tony Harrison (*The Misanthrope*, *Phaedra Britannica*), directed film (*The Virgin Soldiers*), musicals (*Half A Sixpence*, *Do I Hear A Waltz?*) and, for seven years, ran the Metropolitan Opera in New York.

The Honourable Beast gives only tantalising glimpses of this. The lack is all the more acute as it is very much a work-story rather than a life-story. Dexter writes that "work is the only worship I know and understand" and the book follows this line. In spite

THE HONOURABLE BEAST
by John Dexter
Nick Hern Books £25, 340 pages

of his own suggestion that he suffered professionally for his homosexuality, there is little mention of his private life and none of his imprisonment for a sexual offence.

After a few backward glances at his Royal Court training ground, the book is divided into a number of often overlapping sections which encompass his early days at the National, his freelance work after his sacking by Olivier, his return to the National

under Peter Hall, and his plans for a company of his own. The centrepiece is his work at the Met, which he was determined to drag into the 20th century and where he was thwarted by the vested interests of the musical, technical and administrative staff and the all-important sponsors.

Intriguing as such material is, it suffers from an almost total lack of context. The letters and notes are not revealing, witty or profound enough to be of interest in themselves and there is an insufficient background for them to illuminate the working process. The reader is constantly at sea, clamouring for a passing reference. Never have I yearned so hard for footnotes.

The book is most valuable for the almost incidental credo on the importance of work and the role of the director and his tribute to the designer, Jocelyn Herbert. But, apart from the extended discussion of the operatic triple bill, *Parade*, in letters

to Hockney and Nureyev, where, as the project's initiator, he is forced for once to fill in the artistic and historical background, there is far too much about his work-load and too little about his working methods. For the latter, it would be wiser to turn to Jim Hiley's *Theatre At Work*, a detailed account of rehearsals for the National's *Galileo*.

Threaded through the book is a threnody of aborted projects: Shaw's *Man and Superman*, Verdi's *Falstaff*, *King Lear* with Richard Burton, *The Seagull* with Makarova; and it is tragic that his early death robbed us of so much more... although it's doubtful whether even he could have made a silk purse out of Howard Brenton and Caryl Churchill's *Moscow Gold*. Another lost project is the book on directing which he discusses in a letter to Joan Ploewright; instead, we have this compilation of preliminary notes. Some may consider it a worthy substitute, but I suspect that Dexter, a life-long perfectionist, would have disagreed.

Michael Arditti

Fiction / Alannah Hopkin

Rich in quieter pleasures

A FAMILY ROMANCE
by Anita Brookner
Jonathan Cape £14.99, 218 pages

EYES
by Maggie Hemingway
Sinclair-Stevenson £14.99, 136 pages

MUSIC FOR GLASS ORCHESTRA
by Grace Andreacchi
Serpent's Tail £8.99, 199 pages

FEW contemporary novelists will be read 50 years from now but I am sure that Anita Brookner will be one. This is her 13th novel, and while it will certainly please her admirers it is unlikely to win any converts among those who find her work rather tame and predictable. It is some time since I read Anita Brookner and I had forgotten how rich her work is in the quieter pleasures of fiction. The careful precision of her beautifully-balanced prose should not be underestimated, even if you cannot get excited by the subject matter.

Once again, in *A Family Romance*, Anita Brookner writes about what the narrator, Jane, refers to as "the quiet exigencies of my not very onerous life". Jane, who was about five years old in 1969, is younger than many a Brookner heroine but equal weight is given to Jane's Aunt Dolly, who was in her early 20s during the American liberation of Paris. The title of the novel is

mildly ironic, as Jane has very little family – soon only Aunt Dolly is left – and there is precious little romance. The story really concerns the strange relationship which develops between frivolous, worldly Aunt Dolly – "Let them think of you always as singing and dancing" – and quiet, intellectual Jane, of the "not very onerous life".

Jane is one of those people who are born middle-aged: a single, independently-wealthy writer of children's books who also lectures on fairy tales and is content to live in a small but sunny flat in Dolphin Square. She is acclaimed by feminist academics of her own age but finds she prefers company of "placid, dignified women, mostly in their 60s..." There is no sudden conquering of

Jane and Dolly's mutual dislike but over the years Jane comes to see a fascinating combination of toughness and simplicity in her aunt, one of nature's survivors.

Eyes is, alas, published posthumously. Maggie Hemingway

died at the age of 47 shortly after completing it. Four stories are told in alternating sections, each taking place at a different time and place in history. There is no obvious relation between the characters and events but in each there is a sense that something very nasty is about to happen and there is a witness to the growing evil who does nothing to avert it.

We observe the courtship of a young Duchess in the Veneto in 1528 through the eyes of one of the Duke's secretaries; two French reed cutters, one of them dumb, witness their psychopathic neighbour's brutal treatment of his wife in 1871; a wealthy woman is picked up by a bounder in a Kensington hotel in 1928 and takes him off to her house in Keswick; a

lonely spinster intrudes on the happy marriage of a farmer's friendly wife in the West Country in 1971... The interwoven fragments of story get shorter and closer together and come to a climax in the last pages with four women meeting watery deaths. The horror bridges the centuries. The last three pages are a *tour de force* in stream-of-consciousness writing. This kind of thing can only be carried off by the very best and we have lost one of them in Hemingway.

Grace Andreacchi is an American who writes about Paris in a way that is sometimes surreal, hence her publisher's claim that she is "in the tradition of Djuna Barnes". The difference is that the great Djuna knew what she was doing; Andreacchi does not.

The novel is wildly out of control, exhibitionist and self-indulgent, veering from grim realism to high surrealism, coyly confessional to learned dissertation. However, it is seldom dull.

It begins well with the narrator's wry description of her escape from the Boston suburbs, her decrepit Paris apartment and her alcoholic violin-playing lover, Stephane. The Stephane sequences are the best thing in the book, dominated by images of shattered glass, music, predatory birds and wolves. In contrast to the poetic language and the erudition displayed elsewhere, sex is described either mechanically or with compulsive alliteration. The latter is truly awful: "He pricked and pushed with his penis which protruded like a pink plant from his printed pants". Even worse, in a novel which (believe it or not after that) does sometimes soar, is a bathetic use of the American wise-guy voice in sly asides. The true surrealism has no ego; Andreacchi has too much.



Anita Brookner: a writer of careful precision

Handwritten text in Arabic script: "ما من شيء إلا وله علة"

ARTS

Flanders comes to Cambridge

Patricia Morison enjoys an illuminating collection of late medieval art at the Fitzwilliam museum

IT IS not tremendously likely, but imagine a day when conservators exercise complete control over the shape of art exhibitions world wide. Imagine, too, that the conservators then decreed that historic artifacts should lead virtually risk-free lives at home. No more grandiose government-sponsored shows of the like of last year's *Hispania*, Austria, which procured hundreds of exceptionally precious 15th-century artifacts from museums in Europe and America, and freighted them first to Toledo, and then to Innsbruck. What kind of art exhibitions might we then see?

An exhibition of 15th-century Flemish art which has just opened at the Fitzwilliam Museum in Cambridge suggests what might be achieved if ever the age of the jet-setting art-treasure ends. *Splendours of Flanders: Late Medieval Art in Cambridge Collections* brings together some 70 exhibits — panel-paintings, drawings, one well-preserved tapestry, sculpture, coins, an iron-bound safe on wheels, printed books and illuminated manuscripts.

Unsurprisingly, the largest share of objects belongs to the Fitzwilliam's own collection, where they can be seen (so long as you arrive on the right day; the downstairs, with its medieval treasures in the Rothschild Gallery, is closed in the afternoons). A significant number of exhibits belong to colleges and the University Library, and are not readily on view.

Not many Cambridge residents normally manage to inspect Sidney Sussex College's iron-bound chest. It was brought back in 1607 from a synod in Flanders by a Master who, like his 20th-century successors, seems to have been concerned to step up college security. The massive chest had a complex locking mechanism of three keys which required to be operated in sequence by the junior

bursar, the senior bursar, and the Master himself.

Queen's College has lent the exhibit which is the "discovery" of the exhibition; three panels showing scenes from the life of Christ, which would have been the wings for a large altarpiece. Remarkably, it seems that the panels may have been in England since before the Reformation.

The show's curators give this rare survival to the Master of the View of Saint Gudule, a Brussels artist with a fondness for lively scenes and male figures with features like pugs.

Manuscripts and books are the strength of the 'Splendours of Flanders'

ures with features like pugs. In Queen's chapel, the panels can be viewed only from the front, whereas in the exhibition the panels on the reverse are also visible.

Among the Fitzwilliam's own Flemish paintings, the most famous is Joos Van Cleve's *Virgin and Child*, a lovely image of a baby who seems just that instant to have fallen asleep on her mother's breast, to her huge satisfaction. Another more modest *Virgin and Child* is thought to be by the Joos's son, Cornelis Van Cleve. "Daft Cleve" was one of the Flemish artists who in the far less favourable conditions of the mid-16th century, decided instead to try his luck in England and there (for reasons unknown) he was mad.

Manuscripts and books are unquestionably the strength of the "Splendours of Flanders". Among single leaves detached from illuminated manuscripts are several by the famous master, Simon Bening. One of his full-page illuminations of the Annunciation shows in the

margin a charming scene of the Virgin apparently going for a stroll in the countryside, followed by an angel, presumably carrying her workbox, not her lunchbox.

The Lord of Engelen we see in a full-page illumination in his personal Book of Hours, kneeling before St Hubert, the patron of hunters. Someone else paid handsomely for a Bruges manuscript with a fine set of the traditional Labours of the Month, enlivening the calendar of feastdays and saints' days. We can only see the book open at September, harvesting grapes, but photographs of the other months also show scenes of sophisticated urban life — driving about in carriages and in May, courting one's mistress with a band of minstrels.

What I particularly liked about this exhibition is its clear explanation of the role of medieval religious books, particularly Books of Hours. These were virtually mass-produced in towns like Bruges, Tournai, or Valenciennes. Many were exported to England with the addition of English saints, such as St Thomas Becket. In the Low Countries, ruled for a century by Burgundian dukes with the keenest appreciation of fine books, it was an essential mark of social status to own an attractive book of prayers.

The richer the client, the more miniatures and illuminated capitals he or she could afford, not to mention "personalised" books in which they and their name-saints appeared. The skills of even a thoroughly dull painter did not come cheap. In a fascinating and highly readable book published earlier this year, *Medieval Illuminators and their Methods of Work*, (Yale; £35; 210pp.) Jonathan Alexander points out that in 1463, the celebrated artist, Simon Marmion, earned enough from illustrating just one manuscript to have the thatch on his house



An illuminated page by Simon Bening, with the Virgin followed by an angel carrying, presumably, her workbox

replaced with tiles.

By no means all the books are religious. The humanist outlook of the Renaissance is represented by a group of manuscripts which do not come from Cambridge. They are four superb illuminated manuscripts of classical texts borrowed from the library established in the 16th century by Thomas Coke of Holkham Hall in Norfolk. No doubt the famous agriculturalist particularly enjoyed the page in the *Virgil Collected Works* which illustrates farmers' tasks, everything from coppicing to

luring a swarm of bees.

The fully illustrated catalogue of the exhibition is well worth having, not least for an excellent historical introduction narrating how the Dukes of Burgundy pieced together their great inheritance in the Low Countries, broke with France, and created a Burgundian "nation". (A comparison between the sexual appetites of Philip the Good and President Kennedy is thought-provoking.)

Catalogue and exhibition are sponsored by the bank Gemeentekrediet (Crédit Com-

mune) and the Flemish government, which has named the show Cultural Ambassador for Flanders. Is this the first time that a foreign sponsor has been willing to pay up for a show which will only be seen in a foreign country? The Fitzwilliam made clear that the works of art were not going to go to the Flemings. So the sponsor agreed that is the Flemings who must go to Cambridge — after all, it is only a short hop to Stanstead. Is this, then, to be the nature of arts sponsorship in the 21st century?

South Bank 'Meltdown'

AMONG THE composers who have established themselves in British music in the last two decades none has been so widely praised as George Benjamin.

Ever since his orchestral *Ringed by the Flat Horizon* was performed while he was a still student in 1980 Benjamin, born in 1960, has been consistently hailed as the greatest natural talent to emerge in British music since Britten; both his composition teachers, Olivier Messiaen and Alexander Goehr, had been fulsome in their recognition of his gifts.

The works that have followed over the last decade have amply confirmed that promise, even though there have been rather fewer of them than many admirers would have liked. Meanwhile Benjamin has found himself drawn ever farther into the performing side of new music. He was a pianist and a thrilling, explosive one; before ever he became a composer and has continued to relish the occasional opportunity to perform; conducting (his own music first and then other people's) has been a natural extension. And latterly he has become a festival animator: "Meltdown" the South Bank's celebration of contemporary music which gets underway in the

Queen Elizabeth Hall tomorrow has been planned and programmed by Benjamin, who will also make appearances as both conductor and pianist.

He has taken charge of similar festivals before, in Paris and Los Angeles, mixing a few of his own works with music by composers with whom he feels a special affinity. The South Bank initiative (the prototype of what is planned as an annual event) spreads its net wider, bringing in dance events and film. There will be a ballet danced to Boulez's *Le Marteau sans maître*; the NPT is presenting a season of Japanese films with soundtrack scores by Toru Takemitsu; three Chaplin shorts will be shown with scores written for them by Benedict Mason, while Benjamin himself will improvise a piano accompaniment to a Japanese silent film.

Benjamin promotes and explains it all with huge, natural enthusiasm, even though he turns out to be a slightly reluctant impresario, caught between his instinctive desire to be left alone to compose and the necessity as he sees it to do what he can to make new music available and accessible



George Benjamin: composer, conductor and performer in charge

to the widest possible audience. His "Meltdown" programmes look to have got the balance between just about right, mixing late 20th-century masterpieces by Boulez and Ligeti with works by younger composers that appeal to Benjamin, such as the Frenchman Tristan Murail and the quirky French-Canadian Denis Boudia, whose music would rarely have been heard in

Britain but for Benjamin's continued advocacy.

For London there is the bonus of a brand new Benjamin work — *Sudden Time*, which the composer will conduct with the London Philharmonic on Wednesday, alongside pieces by Goehr and Messiaen. It promises to be Benjamin's most substantial score since the wonderfully imaginative and lucid *Antara*

he wrote for IRCAM in Paris six years ago.

The premiere seems almost as much a pleasant surprise to Benjamin as it is to all his admirers. When the festival was first planned, he did not envisage having anything new ready in time. But a short piece written to a commission from Jerusalem last autumn provided the key to a new way of working, and the orchestral score rapidly began to fall into place. Characteristically, it is not entirely new; it begins with the substance of a short orchestral piece *Cosmos* that Benjamin wrote for the LPO a couple of years ago, but the seamless continuation into a 15-minute study for a very large orchestra is absolutely fresh.

The idea of a "work-in-progress", a torso to which a composer returns to expand and refine an initial idea is characteristic of music in the late 20th-century. Pierre Boulez in particular has turned that whole approach into an art form in itself. Benjamin may reject the serial aesthetic that led Boulez into such a creative impasse, but there is no doubt that he shares the post-war

avant garde's concern with organisation and precision. His approach may be different but he celebrates the right of music to be challenging, rigorous, intellectually satisfying.

In part that accounts for the elaborate care with which he composes, but Benjamin freely admits that he has had to reassess his approach since *Ringed by the Flat Horizon*, realising in the mid 1980s that his music was becoming too exclusively grounded in its harmonic thinking and needed a linear element to take his work forward. Harmony had always been intrinsic to his music thinking and the struggle to redefine his parameters was a protracted process, accounting in part for the low productivity of the 1980s.

Now in *Sudden Time* Benjamin feels he may have lit upon a new path; he is cautious of being too bullish about it, but nevertheless suggests that he may have found a technique to sustain his music into the future. The optimism is natural, hard to gainsay: Benjamin's belief in the continued health of contemporary music is unshakable and events like "Meltdown" give him just the right platform to present that faith in the most attractive package.

Andrew Clements

Off the Wall/Antony Thorncroft

The National smartens up

IF YOU run a hard pressed arts organisation and come across anyone called Sackler — grab them. The American Sackler brothers, beneficiaries of a drugs fortune, are a posse of white knights as far as the UK's leading art galleries are concerned.

It was the late Arthur, and Jill, Sackler who gave the Royal Academy its smart new galleries. On Tuesday a new Mesopotamia gallery was unveiled at the British Museum, thanks to Raymond and Beverly Sackler; and yesterday the National Gallery announced that Dr Mortimer and Theresa Sackler were giving well over £1m to renovate one of the grandest, if tattiest rooms, in the Gallery. At the moment it houses 18th Italian art, but in deference to Theresa, who is English, when the new Sackler Room is unveiled it will be home to British art.

The National Gallery also revealed that an anonymous friend was giving almost £1m to restore another gallery. This means that it has raised over £13m in the last five years to smarten up its original Wilkins building. Now the hunt is on for money to improve the modern northern extension.

Unlike many arts organisations the National Gallery seems in good heart; but it must run very hard to stand still. In 1992/3 its government grant is £16.5m, but it expects to spend over £25m. Just five years ago the government covered virtually all its costs, but now that the Gallery has Trustee status it must bridge a growing gap in its finances from its own efforts. It means that the chairman of the Trustees, Nicholas Baring, and director Neil MacGregor, are constantly tapping the shoulders of potential benefactors.

The main problem is the disappearance of a specific purchasing grant from the government. The Gallery finds it difficult to raise money for acquisitions, especially as it is still paying Lord Cholmondeley £2.5m a year for the Holbein "Lady with a Squirrel" which it acquired in 1992. Its annual report shows only three very minor purchases last year, but important paintings sold at auction to foreign buyers included works by Daumier, Goya and Ribera.

The Japan Festival of 1991 must be the only major festival in the UK since the Great Exhibition of 1851 to end up with a surplus. Most of its £20m funding came from pre-recession Japan and the UK organisers were continually amazed at the sums that belatedly landed in their laps.

But it is not being squandered. Each year the Japan Festival Fund will give prizes with an annual value of around £20,000 to British cultural ventures which contribute to demythologise Japan to the British. The first batch was distributed this week with the injunction from the chairman of the judges, Sir Kit McMahon, that there were no restrictions on how the money was spent. "You can even speculate against the Yen with it."

The biggest winner was the Lyric Hammersmith for its season of Japanese plays. The judges could hardly have picked an arts institution more in need of £15,000. The Lyric is believed to be on the Arts Council's list of ten clients set to lose their grant — which in the Lyric's case accounts for

£300,000, or roughly a third of its income.

Although the Council remains adamant that some clients will be discarded, it is back-tracking slightly. There will be another review, and if the government comes up with more money for the arts in the November budget, four of the ten might be saved.

The Council is not optimistic about reversing the proposed 55m cut in its grant, the first actual reduction in its budget since 1979. Yet, at one level a lower grant helps the Arts Council. It gives it someone to blame as it pushes ahead with its desire to redistribute £1.4m from drama to contemporary dance and the visual arts. But it cannot escape opprobrium. If theatres like Plymouth, Oldham and Watford are on the hit list substantially populated areas will be deprived of professional drama, for it is unlikely that these theatres can maintain a reasonable programme without a subsidy that accounts for over 30 per cent of their income.

Such an eventually is expressly against the Council's charter to bring the arts to every part of the UK. This whole saga still has a few twists in it, but the Council has committed so much energy to its new policy of being on the "cutting edge" of the arts that some sacrificial victims seem inevitable.

Stephen Daldry, now in sole charge at the Royal Court, announced this week that he was in favour of direct action to restore the cuts in the drama budget threatened by the Arts Council. He was ready to lead a commando raid on the Council, although what would be achieved, apart from a plot line for a Royal Court play, is uncertain.

His reign at the Court seems set to combine controversy with a hard headed financial stewardship. There is likely to be an outcry over a November production, *MSM*, the first verbal work by choreographer Lloyd Newson of DV8, the dance company. It looks at the issue of contagion, sexual contacts in male toilets.

On the other hand the Royal Court should have another profitable transfer when David Mamet's *Oleanna* moves to the West End. The Royal Court has done well out of developing links with the US. It has found a rich friend in the Audrey Skirball-Kenis Foundation, which has promised it \$100,000 a year for three years to bring new American works to London and send Royal Court writers to Los Angeles.

Daldry pinpointed the crisis in contemporary British drama. In the past there was a loyal audience for the Court's new plays which guaranteed it a fair audience of 45 per cent of capacity. No play at the Court has played to this level of capacity for three years. It either presents hits, or total misses.

More news from the Lyric Hammersmith. Its new artistic director is to be Neil Bartlett, who coincidentally has written a new work, a musical, for the Royal Court, *Night After Night*, which opens in late November. It seems quite the fashion for artistic directors to spend their time in rival theatres: Daldry has no current plans to direct at the Court but is working at the National Theatre.

WHILE Melvyn Bragg is away on his summer break, Monday mornings will begin with *Live Wires* in his place — a pleasant talk-to-guests show presented by Emma Freud and Richard Coles and produced by Cathie Mahoney. They began by telling how they would find news from the provincial papers that we would not have had so well covered by the national dailies, but they kicked off with a Belfast paper on July 12, hardly a

Radio/B.A. Young

Classic in different ways

characteristic source. Still, they both sound pleasant enough.

I hated Sue Townsend's *The Queen and I* the last time it was broadcast, and I hated it again this week in *Book at Bedtime*. Disapprove of the Royal Family if you must, but do not make fun of them when they have no real chance to answer back. Perhaps I am in a minority over this; anyway, the people that enjoy laughing at the Queen can now get the jokes on cassette from the BBC Radio Collection, and welcome.

Radio 3 continues its classical series with an extract from *The Golden Ass* by Lucius Apuleius, dramatised by Peter Mackie. In spite of Richard Griffiths as the transmuted Lucius, it made me laugh less than I expected. The jokes are described, rather than actually made. We will see how we get

on with next week's tale, which goes well on the page.

Classic in quite a different way are Frank Richards's stories about the boys at Greyfriars. Radio 2 on Tuesday calls them *The Billy Bunter Stories*, but when I read them Bunter was not much more memorable among the fellows in the Remove than, say, Hurree Jamsie Ram Singh. They were just there for contrast with such normal schoolboys as Harry Wharton and Co. Bunter, unpredictably, was the hero this week; he saved a little girl from being run over by a train, and sensibly hoped for a reward (of coconuts) from her father. Having established that Bunter is for laughs, surely the other Greyfriars boys (Tim Brooke-Taylor, Graeme Garden and Bill Oddie) should sound more like the chaps at a decent public school?

When I read the title *Terry Nutkins' Nature* on Radio 5 I reckoned we were in the Beatrix Potter country; but no, Terry Nutkins is a real nature-lover and his new series from BBC Education sounds fine. The first programme, on Wednesday, dealt first with Liz Dorer, "the birdwoman of Boxmoor", who devotes herself to the rescue of swans, though other birds may apply. What we heard about injured swans was ghastly; thankfully, lead weights on fishing-lines are now proscribed, for a swan has only to swallow seven of them to die of blood-poisoning. Then on to the Durham puma (so called), the big feral cat seen by a local police-sergeant over seven years — and as far away as Carlisle by hopeful believers. Next week we get badgers and seal pups, and there is a great variety to come — ideal radio for young people.

I meant to listen to *Cajun Routes* on Radio 2 on Thursday, as the word Cajun meant little to me. Well, I learned how to pronounce it and where Cajun music originated (in the once-French part of Louisiana) and who performed it, but the music seemed to me so uninteresting I reckoned I could live without it.

THURSDAY was Julian Bream's 60th birthday. The celebrated guitarist chose to spend the evening at the Wigmore Hall, in company with members of the Nash Ensemble — and, it hardly needs saying, a packed house of enthusiasts — displaying a few of the modes and styles of guitar-playing that have caused him to remain so much and so long admired.

Birthday concerts, anniversary concerts and other forms of event-devising by means of calendar-marking can sometimes seem a rather artificial, stultified method of drawing attention to the art or artist in question. In the case of someone like Bream, however, the stratagem can be useful as a stock-taking opportunity; certainly, this birthday concert served the purpose well.

The reason is that it showed Bream to be still a peerless guitar technician, unrivalled in his ability to make the instrument "peak in tones of the most 'personal', most finely shaded and varied eloquence. (Since on Thursday it was unpleasantly hot and humid in the hall, fingerings seemed prey to moments of slip and

Bream at 60

slide — but never so seriously as to compromise virtuosity.) It also showed him to be a player still wonderfully responsive to the personalities and characteristics of others, capable of entering into chamber music with sympathy and ready spontaneity.

The opening Haydn work — an adaptation for guitar and string trio of the E major String Quartet, Op. 2 no. 2 — afforded choice examples of those ensemble-partaking gifts and qualities. The slow movement, a kind of aria sung over delicately patterned accompaniment, was particularly full of free, fresh, delight-arousing lyrical nuances.

In *Toward the Sea* (1981), Toru Takemitsu's three-move-

ment duet for guitar and alto flute (Philippa Davies), the rapidly intimate character of the duetting made fair amends for the work's wispy, repetitious substance and limited atmospheric range. A solo sonata for guitar (1983) by the little-known Spaniard Antonio José, unremarkable in invention, gave Bream's sophisticated rhythmic sense its head.

The concert did not attempt to represent every facet of so

multifarious a musician: Bream the lutenist, Bream the inspirer of important contemporary composition, Bream the sensitive partner of the singing voice were on this occasion missing. On their own the Nash played Rouse's harp, flute and string-trio *Serenade* (a beautifully taut account) and the Ravel Introduction and Allegro. It was altogether a civilised, well-varied programme; but it left me ungratefully wanting even more of the birthday celebrant.

Max Loppert

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Malcolm Rutherford concludes that advance publicity built on previous reputation seems to be the key to success

A third was the mistake of *City of Angels*. It had no London track record, to draw on and the advance bookings were small. It was assumed that it would sell on merit and word of mouth, but it didn't. With hindsight, *Angels* may have had another fatal flaw. It is a newish kind of musical in that it combines wit and a good script with the songs. Although it harks back to the past and the private detective world of Philip Marlowe, it is a past more famil-

★
As a footnote, I went on Thursday to the final of the Vivian Ellis Prize at the Guildhall School of Music and Drama. This is a national competition to encourage young writers for the musical stage. There is no shortage of entrants. Practically every one of the



Othello. Yet the official prize went to *Boorskale*, written by Paul Tomkinson around three elderly, disabled sisters living in a bungalow in Derbyshire. Possibly there really is a search for something new in unlikely places.

***This production
demands to be
seen, says
Clement Crisp***

The three Shades soloists displayed Kirov classicism at its most satisfying. I have already praised Larissa Lezhnina and Irina Sitnikova this season. Their companion, Irina Shapchits, is no less admirable. In the third variation she produced ravishing dancing: exultant in control, pure in form as in manner. I have never seen the solo better done.

The Kirov season continues at the Coliseum until July 31

David Murry on new opera at the Almeida

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هذه امة الاصل



OCCASIONALLY in cricket, and even more occasionally in soccer, a team is put into the field under the title "Rest of the World."

In a team plays a national side does not stand a chance. In practice the Rest of the World tends to lose.

It is necessary to witness such matches to understand the reason for this triumph of the underdog. Then you will see the Rest of the World batsmen giving up their wickets without the grim struggle that such players would normally offer. And the Rest of the World bowlers seem unprepared to deliver their most hostile bouncers.

The point is, they are not playing for their own country, while their opponents are. The pride and motivation of patriotism is lacking

Laying down their lives for the UN

Dominic Lawson says the idea of international armies is fundamentally flawed

in the one side, but is galvanising the other.

It is this phenomenon which is dogging the United Nations' various efforts to enforce the peace in different parts of the world. Indeed, it points to a weakness in the very idea of a UN military force in sustained combat. As reports in Wednesday's *Financial Times* made clear, a number of national units within the UN force in Somalia are refusing to obey the orders of UN commanders to take part in attacks on General Aided's militia. The Italians, in particular, who were the colonial power in the region, have virtually downed arms.

It ill suits a man sitting at a word processor in London to accuse Italian soldiers of cowardice, particularly when such soldiers are confronted with a vicious guerrilla force which only a month ago killed and then dismembered 24 of the Pakistani contingent in the UN force. But I am sure that when the Italian army of the 1930s enforced Italian rule over Somalia, they would not have shirked such a challenge.

The Italian soldier will, if necessary, risk his life for his country. But does the same Italian soldier want to risk his life for the UN, that amorphous mess of squabbling diplomats and

politicians too inept to hold high office in their own countries?

The same thought has dogged the member states of the UN as they attempt to impose a civilised solution on the war in Bosnia. Despite a number of attempts, notably by the Americans, to introduce the idea of a multinational force to enforce a peace in the Balkans, nothing has been done.

The field marshals and generals of the European armies have told the politicians that they cannot expect their troops to risk massive casualties in pursuit of an objective so remote and incomprehensible. Moslems will fight to the death

to save their land from Serbian ethnic cleansers. It is neither fair nor reasonable to expect British squaddies to fight with the same passion on such a battlefield, heroic as such men have been in their much more limited rôle of ensuring the delivery of food and medicine to the besieged Moslems.

A number of people, who might loosely be described as Euro-guillibies, have argued that the failure of European policy in Bosnia is to be blamed on the absence of a fully integrated European military strategy. They are the same people who are enthusiastic about the provisions

in the Maastricht Treaty for a common European defence policy and, ultimately, for a standing European army.

But it seems to me that such a force, even if it could be achieved politically, would in practice fall victim to exactly the problems now confronting the UN in Somalia. Would an Italian contingent of a European army in Bosnia be any more willing to take on General Mladic's Serbian regulars than it has been to take on General Aided's Somali irregulars?

The Italians are among the most enthusiastic proponents of the European ideal, but they are not

lemmings. And what of our British troops, with their unparalleled tradition of national defence? Would they find "Delors and EC" a rallying cry as stirring as "Queen and country"?

It is true that the UN has enjoyed some military successes in the Middle East recently, and has thus reduced Saddam Hussein to a problem of what the military call containable proportions. But these were essentially US actions; they succeeded because that great country perceived its own vital interests to be threatened, and had - has - the forces to defend them.

During the first world war, Wilfred Owen described *Dulce et decorum est pro patria mori* as "the old lie." Perhaps, but how much less sweet it is to die for the general assembly of the UN.

■ Dominic Lawson is editor of *The Spectator*.



Private View/Christian Tyler

Why Labour's loyal baron is in revolt

JOHN Edmonds is a trade union baron who counts himself a moderniser. But this week the general secretary of the GMB was beginning to look like the biggest obstacle to the modernisation of the Labour Party.

The word "modernisation" begs the question. Yet Edmonds is in a curious position. After a year-long review of the trade unions' rôle in the party, he finds himself at odds with John Smith, the Labour leader (and a GMB-sponsored MP). For the head of a moderate union which has traditionally provided block-vote ballast for pragmatic party leadership, he is taking an unusually aggressive, unnaturally left-wing, line.

His deputy, Tom Burlinson, is party treasurer and a member of the constitutional review committee which on Wednesday gave tacit assent to a plan for reform. The same day Edmonds was harangued by Labour MPs for his intransigence.

The reforms go before the party's national executive on Monday and to the party conference in the autumn. The GMB is happy to see affiliated unions' monolithic voting power at party conferences reduced. It is happy to see their vote exercised in a way that more distinctly reflects the wishes of individual members who have paid the union's political levy to support Labour. It will not, however,

accept the abolition of the block vote in local selection of parliamentary candidates, on the grounds that would disenfranchise levy-payers.

So much for the arithmetic. But wasn't this dispute really about something much deeper? I asked Edmonds.

"Many people suspect it's about a much bigger issue. The reason why there's been such a strong reaction against the proposals from constituency parties is the suspicion that the gurus, the party strategists, are trying to distance the party from the trade unions."

The unwritten script of the modernisers says Labour's affiliated unions are an electoral liability and the party must disengage.

"There is just no evidence for that," he said. "According to recent polls, unions are more popular than they have been for a generation. And the idea of blaming them for the last election defeat is bizarre. We kept so far out of the limelight during the last election that the Scarlet Pimpernel would have been proud of us."

But if you aren't a liability, why do you keep a low profile? "Because we are asked to do so by that element, the spin-doctors if you like, who think we're an electoral liability."

Then why did you give in to the spin-doctors? "Because we were prepared to give them the benefit of the doubt. It was a wrong decision, actually."

Edmonds maintains that the union bogy is no longer even good propaganda for the Conservatives. Their attempts to scare the voters had failed last time, he said, and people were increasingly worried about job security and rights at work. It was the modernisers who were out of date, not the GMB.

As trade union leaders have always done, Edmonds blamed the media for what he called their obsessive interest in the constitutional dispute.

Perhaps that is because a lot of people think it is time, after four election defeats, for the unions and Labour to divorce - that they would live more happily in separate houses.

"I don't think that's an important political issue in Britain. Where would you rank that on the scale alongside unemployment, the security of pensions, law and order? Number 150?"

So why did John Smith raise the issue of the relationship? "Because he was encouraged to believe that the constituency party members were strong for a particular sort of reform, and he was wrongly advised. Maybe also he believed this was not as important for the trade unions as it actually is."

But if at election time you can't come out and declare yourselves, wouldn't you be better off unconstrained by this constitutional connection?

"Well, that's one avenue we can go down. The avenue I want us to go down is to be much less apologetic about our policies, about our political position, to be much more forthright about the economy, employment issues. The way people are treated in this country is terrible compared with our European neighbours."

The irony is that in 1989 Edmonds' union proposed just the kind of whitening away of the block vote that is being discussed. He said: "What we would like to do is scale down our power in the party and therefore free ourselves to express our own, trade union views, without perhaps so much political pressure."

But if you can have influence without a dominant position, can't you have influence with no constitutional position at all?

"We could opt for what I would call a pork-barrel relationship, which is what the American unions have with the Democrats - or with Republicans in the case of the Teamsters. We don't want a relationship where you are sort of buying a policy off the candidates you support. We want to be part of a political tradition: that's our history, that's the instinct of our people."

The union has looked at party-union ties in Sweden, Denmark and Germany as well as the US. "What we found is that in many of these countries where there is allegedly a divorce, the relationships are in practice, at the personal level, rather closer. But you still have to grapple with the same problems."

Edmonds would not concede that lower union membership and the decline of big manufacturing enterprises made the connection an anachronism. There were areas of unorganised labour but also members in new areas of employment. A constitutional relationship might not be essential, he admitted, yet he defended it, saying that without it unions could not restore their "legal normality" nor ensure that UK workers enjoyed the same rights as others.

His vehemence on the subject of MP selection may have led the GMB general secretary into a tactical trap. If the unions and constituencies defeat the reform in the autumn - as Edmonds is confident they will - John Smith will appear the powerless prisoner of reactionary trade union barons. The reform package would look like mere tinkering. Yet this is the opposite of what Edmonds says he wants.

"We have been arguing for a whole series of changes - not modernise policymaking - not just to diminish, but diminish very markedly the power of union executives and the so-called power of union general secretaries. So it is individual trade union members who are moving forward into a proper place in the Labour

baron, I said. "The picture has no reality. Everything I have said to you is about how to increase opportunities for trade union members to play their part... You are using the sort of stereotype that the *Daily Mail* and *Daily Express* are keen to promote. I reflect, as far as I am able, the views of GMB members and they want to be involved in the Labour Party."

He launched into another denunciation of the press for being interested, not in the constitutional issue but in the row surrounding it. Perhaps, I said, that is because politicians and trade union leaders - politicians of another sort - are themselves more interested in these debates than in the humdrum business of working life. "That's not right. Anyone

The Labour Party is divided over the abolition of the union block vote. John Edmonds says he wants reform - up to a point

party and it is people like me who should be moving back." Some see in Edmonds' stance a deeper game. His union of 800,000-plus members is discussing a merger with the Transport and General Workers Union. If successful, it would create one of the biggest unions in the western world. Edmonds' defence of the democratic rights of the humble levy-payer could be designed to appeal to the more left-wing TGWU executive whose boss he undoubtedly would like to become. When I asked if reform had been stymied by the merger prospect, he said: "I wouldn't accept that at all."

Edmonds is undoubtedly a strategist, an articulate union boss with the rare distinction of an Oxford University degree but with a manner which - not just due to his height and girth - some of his peers find condescending. I suggested he was afraid he would become a much smaller figure in the political landscape if the Labour link were broken. He flushed. "That's nonsense. If that was the only matter of concern it would take us only five minutes." But you are a trade union

reading the papers over the last few months would assume I do nothing else but get involved in the Labour Party. Even during this period under 10 per cent of my time is spent on party affairs. Everything I have been saying about the reform programme is intended to make John Edmonds politically less important - and that's the way it should be."

Is there a danger that this will become another of those issues to damage Labour's reputation with the voters? "There is an enormous danger that if it continues for any length of time it will be very damaging to the party, inside the party and with the public. It beams out the impression that the party is divided - and divided on an issue which the general public don't feel very strongly about at all." I suggested the contest would inevitably be seen as one between modernisers and trade union barons clinging to constitutional power. "That perception is entirely incorrect." That is how it will come across. "Not if you do your job properly," he said.

Light a torch of chaos in Christchurch

Michael Thompson-Noel



HERE IS a tip for the media pundits as they hurtle down the motorway to the Christchurch by-election, which promises to drive another stake into John Major's heart: the number of wooden-tops in Christchurch is not 23,015, the size of the Conservative majority at last year's general election, but 36,627, the number of wooden-tops in the constituency who voted Tory in 1992.

It is such a large figure that it fills me with awe - so much awe that I raised the matter with Miss Lee, my executive assistant, a woman of Yorkshire origins and a flog-'em-and-hang-'em Thatcherite. Miss Lee was looking marvellous: hair expensively twisted, hemline heroically buoyant, new shoes and nails in the latest carnivore colours.

I said: Did you know, Miss Lee, that the number of wooden-tops in Christchurch who voted Tory at the 1992 election was 36,627? No wonder the country is tottering if as many people as that, in just one constituency, voted for a party that they *knew* to be exhausted by all those years in office, and by the stress

and indignity of sacking Margaret Thatcher. But here's a funny thing: you never meet anyone who admits to voting Tory. They keep exceedingly quiet, which is not, I suppose, surprising.

Miss Lee glared. I could see she was in a hurry. She was beautifying herself so as to attend a gathering of the Blue Fuse Club. They meet in a winebar near Chelsea barracks where she and her

I thought: Not a bad idea. So I pulled out a copy of *The Dice Man*, a novel by Luke Rhinehart from the early 1970s in which the protagonist, a bored psychiatrist, decides to let fate and chance - a throw of the dice - govern his life. His aim, he explains, is to discover freedom, exhilaration, joy, excitement. He becomes the Dice Man.

The more I thought about it, the more I became convinced that a throw of the dice would be a far superior method for resolving the Christchurch by-election than placing our trust in the hands of the wooden-tops.

So I hunted for a dice. I decided that if I came up, the Tories would retain Christchurch; the 2 or the 5 would mean that Labour had won and the 3, 4 or 6, the Liberal Democrats. I ignored the minor parties. I threw the dice. Up came the 6: victory for the Liberal Democrats. Victory at a stroke - no costly campaign, no monster ravaging loonies, no pundits or pollsters burling us rigid. Above all, no wooden-tops blundering into the polling stations, sightless, in their thousands.

At the start of his book, Rhinehart quotes Chuang-Tzu: "The torch of chaos and doubt - this is what the sage steers by." And he quotes Nietzsche: "I am

Zarathustra the godless: I still cook every chance in my pot."

As the novel develops, the protagonist describes his two guiding principles: "First, never include an option I might be unwilling to fulfil; second, always begin to fulfil the option without... quibble. The secret of the successful dice-life is to be a puppet on the strings of the dice."

Naturally, someone has to decide what the numbers on the dice stand for, what options they represent. In the case of the Christchurch by-election it was I who decided that the Liberal Democrats should have three chances out of six and the Tories only one. But the result, you will agree, was considerably agreeable. I seem to have a gift for it. I ought to be the Dice Man.

The morning after Miss Lee's attendance at the meeting of the Blue Fuse Club, she was subdued and wan. There were circles under her eyes. I said: Things are looking up, Miss Lee. The Liberal Democrats have won Christchurch. John Major has retired. Portillo leads the Tories. John Birt has been axed - literally, as it happens. Interest rates are zero. Diana will be queen. And Italy has invaded Serbia. Isn't life exciting?



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